



CHEUK NANG (HOLDINGS) LIMITED

(Stock Code: 131)

INTERIM REPORT
FOR THE SIX MONTHS ENDED 31/12/2023

CHEUK NANG (HOLDINGS) LIMITED

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

CHAIRMAN STATEMENT

RESULTS

I herewith announce that the unaudited consolidated profit after taxation for the six months ended 31 December 2023 of Cheuk Nang (Holdings) Limited (“the Company” and together with its subsidiaries “the Group”) is HK\$312,900,000 as compared with 2022: consolidated loss of HK\$18,000,000 as set out in the unaudited condensed consolidated income statement which has been reviewed by the Company’s audit committee.

The Directors resolved the payment of an interim dividend of HK2.25 cents per share as compared the interim dividend of 2022: HK1.75 cents.

REVIEW OF OPERATIONS

The progress of our projects is as follows:

Hong Kong Properties

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

The Certificate of Compliance of the entire development (which comprised both Phase 1 and Phase 2) has been issued in January 2024. Our lawyer has already served completion notice to all purchasers for completion of the purchase.

Villa Cecil Phase II, 192 Victoria Road, Pokfulam

The occupancy rate maintained at 60%.

Villa Cecil Phase III, 216 Victoria Road, Pokfulam

The occupancy rate of the two blocks has reached 60% which contributed good rental income to the Group.

Cheuk Nang Lookout, 30 Severn Road, The Peak

The renovation of the two villas (Villa Begonia and Villa Crocus) to enhance the quality is completed.

New Villa Cecil, 33 Cheung Chau Sai Tai Road, Cheung Chau

Over 40% of the villas in Phase 1 are leased out. The construction work of Phase 2 and the overall site improvement work are in progress and nearly completed.

China Properties

The People's Bank of China has lowered the 5-year loan prime rate by 0.25%, which may contribute to stabilizing the PRC property market and benefit the PRC investment and consumption sectors.

Cheuk Nang Garden

Longhwa, Shenzhen

The sale campaign was resumed after 2023 Chinese New Year and uptill now, a total of 17 units were sold and the sales amounted to RMB100.15 million.

Cheuk Nang • Riverside

Yue Hang Qu, Hangzhou

The construction of the development is completed and 規劃驗收 (check and acceptance of planning) was approved.

The new station of underground mass transit railway will be in front of our site. The value of our units should be very much benefitted.

Macau Properties

Golden Cotai No. 1

Estrada de Seac Pai Van, Coloane

The Company has submitted an application for land renewal through our local lawyer in Macau in April 2021. The reply from the DSSOPT has approved our application in January 2024 subject to certain conditions to comply with and we are discussing with our lawyer and team of consultants to negotiate with the government to achieve our best interest. The DSSOPT has made a proposal to the director to submit the Chief Executive to grant the contract for change of land use and at the same time grant lease renewal for ten years. The Public Works Bureau has confirmed that the change of land use is consistent with the use stipulated in the "Macau Special Administrative Region Urban Master Plan".

Malaysia Properties

Phase I “Parkview”

Lot 1359, Section 57, Lorong Perak, Kuala Lumpur

The occupancy of the serviced apartments currently is not satisfactory, and upgrading the property to improve the occupancy is continuing in progress.

Phase II “Cecil Central Residence”

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

The amended Development Order has been approved. New application for approval of the amended building plans was submitted.

INVESTMENT IN BONDS AND HONG KONG STOCK MARKET

The investment in Bond market as at 31 December 2023 was HK\$45,282,000. During the period, a total of HK\$1,292,000 was redeemed and no Bond was purchased.

The market price of our investment in the Hong Kong stocks as at 31 December 2023 was HK\$46,819,000. During the period, no stock was purchased and sold.

OUTLOOK

As an international financial center, the Hong Kong stock market has been underperforming global stock markets for consecutive years. The financial and real estate industries are both sluggish, which not only affects the industry scene, but also greatly affects government revenue. Recording a fiscal deficit of more than 100 billion dollars has made people worried. The struggle between China and the United States will lead to financial war.

The Hong Kong Purchasing Managers Index has been falling repeatedly since reaching 53.9 in February 2023 after the epidemic. In January 2024, the index was below the 50 dividing line.

We hope the 2024-2025 Budget which was released on 28 February 2024 will inject new momentum into economic activities, reversing the market’s pessimistic expectations, and consolidating Hong Kong’s unique advantages have become important tasks that the Hong Kong government must complete.

DIRECTORS AND STAFF

We are regretted that Mr. Ting Woo Shou, Kenneth has resigned as an Independent Non-Executive director and a member of the Nomination Committee with effect from 29 February 2024 as he wishes to devote more time to his personal pursuits. We would like to express our sincere gratitude to Mr. Ting for his invaluable contribution to the Company in the past.

Following the resignation of Mr. Ting, the Company has two independent non-executive directors and does not meet the requirements under Rules 3.10(1), 3.10A and 3.27A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Board will use its best endeavour to identify suitable candidate and seek to appoint a new independent non-executive director and a new member of the nomination committee of the Company as soon as possible and in any event within the prescribed time period set out in Rule 3.11 of the Listing Rules. The Company will make further announcement(s) as and when appropriate.

Mr. Chao Howard has been re-designated from Non-Executive Director to Executive Director with effect from 29 February 2024.

As at the date of this report, 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 Directors is Mr. Lee Ding Yue Joseph; the Independent Non-Executive Directors are Mr. Lam Ka Wai, Graham and Mr. Sun Dai Hoe, Harold.

By order of the Board
CECIL CHAO SZE TSUNG
Executive Chairman

Hong Kong, 29 February 2024

RESULTS

The unaudited accounts of the Company and its subsidiaries (collectively referred to as the “Group”) which have been reviewed by the Company’s audit committee are listed as follows:

Condensed Consolidated Income Statement

For the six months ended 31 December 2023

	Notes	Six months ended 31 December	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	78,471	25,199
Direct costs		(18,754)	(27,088)
Gross profit/(loss)		59,717	(1,889)
Other income, net	4	10,654	11,941
Change in fair value of investment properties		(41,366)	7,452
Change in fair value of financial assets at fair value through profit or loss (“FVTPL”)		(1,397)	(3,196)
Net expected credit loss (“ECL”) of financial assets at fair value through other comprehensive income (“FVTOCI”)		(382)	–
Administrative expenses		(28,360)	(27,269)
Finance costs	5a	(12,351)	(5,422)
Loss before income tax	5	(13,485)	(18,383)
Income tax credit	6	326,385	383
Profit/(loss) for the period		312,900	(18,000)
Profit/(loss) for the period attributable to:			
Owners of the Company		312,911	(17,980)
Non-controlling interests		(11)	(20)
		312,900	(18,000)
Profit/(loss) per share for loss attributable to the owners of the Company during the period			
Basic	8	HK\$0.48	HK\$(0.03)
Diluted		HK\$0.48	HK\$(0.03)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2023

	Six months ended	
	31 December	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the period	312,900	(18,000)
Other comprehensive income/(expense) for the period, net of tax		
Item that will be reclassified subsequently to profit or loss:		
Change in fair value of financial assets at fair value through other comprehensive income ("FVTOCI") (recycling)	(22,158)	(19,111)
Exchange gain/(loss) on translation of financial statements of foreign operations	27,816	(15,623)
Item that will not be reclassified subsequently to profit or loss:		
Change in fair value of land and buildings held for own use	(120)	3,316
Income tax relating to components of other comprehensive income	—	(547)
Other comprehensive income/(expense) for the period, net of tax	<u>5,538</u>	<u>(31,965)</u>
Total comprehensive income/(expense) for the period	<u>318,438</u>	<u>(49,965)</u>
Total comprehensive income/(expense) for the period attributable to:		
Owners of the Company	318,449	(49,945)
Non-controlling interests	(11)	(20)
	<u>318,438</u>	<u>(49,965)</u>

Condensed Consolidated Statement of Financial Position

As at 31 December 2023

		At 31 December 2023 <i>HK\$'000</i> (Unaudited)	At 30 June 2023 <i>HK\$'000</i> (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	9	6,832,209	6,870,006
Property, plant and equipment		42,887	44,240
Other non-current asset		950	950
Other financial assets	10	40,133	65,472
Deferred tax assets		17,813	17,813
		<u>6,933,992</u>	<u>6,998,481</u>
Current assets			
Properties under development for sale	9	1,564,920	1,540,561
Completed properties for sale		357,251	359,440
Other financial assets	10	5,149	3,642
Financial assets at fair value through profit or loss	11	46,819	48,216
Trade and other receivables	12	29,290	27,248
Bank balances and cash	13	682,479	323,525
		<u>2,685,908</u>	<u>2,302,632</u>
Current liabilities			
Other payables		141,581	152,768
Contract liabilities	16	123,141	138,682
Amounts due to non-controlling shareholders		239,990	239,990
Amount due to a related company		1,595	1,627
Interest-bearing borrowings		243,009	233,733
Advance from a director		193,216	172,716
Lease liabilities	15	1,837	2,167
Tax payable		38,019	20,090
		<u>982,388</u>	<u>961,773</u>
Net current assets		<u>1,703,520</u>	<u>1,340,859</u>

		At 31 December 2023 <i>HK\$'000</i> (Unaudited)	At 30 June 2023 <i>HK\$'000</i> (Audited)
Total assets less current liabilities		8,637,512	8,339,340
Non-current liabilities			
Interest-bearing borrowings		630,000	630,000
Lease liabilities	15	–	789
Deferred tax liabilities		926,194	926,091
		1,556,194	1,556,880
Net assets		7,081,318	6,782,460
EQUITY			
Share capital	14	2,468,985	2,468,985
Reserves		4,403,442	4,104,573
Equity attributable to the owners of the Company		6,872,427	6,573,558
Non-controlling interests		208,891	208,902
Total equity		7,081,318	6,782,460

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2023

	Six months ended	
	31 December	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	338,354	(60,982)
Investing activities		
Dividend received	2,461	5,941
Interest received	1,446	4,540
Additions of investment properties	(603)	(989)
Proceeds from redemption of financial assets at FVTOCI	1,292	1,211
Other investing activities	–	751
Net cash generated from investing activities	4,596	11,454
Financing activities		
Advance from a director	20,500	15,550
Dividend paid	(19,580)	(13,054)
Bank loans raised	9,276	34,499
Repayment of bonds	–	(10,896)
Other financing activities	–	(1,099)
Net cash generated from financing activities	10,196	25,000
Net increase/(decrease) in cash and cash equivalents	353,146	(24,528)
Cash and cash equivalents at 1 July	323,525	366,472
Effect of foreign exchange rate changes, on cash held	5,808	(12,418)
Cash and cash equivalents at 31 December, represented by cash at bank	682,479	329,526

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2023

	Equity attributable to the owners of the Company							
	Share capital	Exchange reserve*	Property revaluation reserve*	Financial assets at FVTOCI (recycling)*	Retained profits*	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 July 2022	2,468,985	(296,995)	30,348	(17,759)	4,506,900	6,691,479	177,064	6,868,543
Loss for the period	-	-	-	-	(17,980)	(17,980)	(20)	(18,000)
Other comprehensive (expenses)/ income for the period								
Exchange loss on translation of financial statements of foreign operations	-	(15,623)	-	-	-	(15,623)	-	(15,623)
Change in fair value of financial assets at FVTOCI	-	-	-	(19,111)	-	(19,111)	-	(19,111)
Change in fair value of land and buildings held for own use	-	-	3,316	-	-	3,316	-	3,316
Income tax relating to components of other comprehensive income	-	-	(547)	-	-	(547)	-	(547)
Total comprehensive (expense)/ income for the period	<u>-</u>	<u>(15,623)</u>	<u>2,769</u>	<u>(19,111)</u>	<u>(17,980)</u>	<u>(49,945)</u>	<u>(20)</u>	<u>(49,965)</u>
2022 final dividend approved and paid (Note 7)	-	-	-	-	(13,054)	(13,054)	-	(13,054)
Balance at 31 December 2022	<u>2,468,985</u>	<u>(312,618)</u>	<u>33,117</u>	<u>(36,870)</u>	<u>4,475,866</u>	<u>6,628,480</u>	<u>177,044</u>	<u>6,805,524</u>

Equity attributable to the owners of the Company

	Share capital	Exchange reserve*	Property revaluation reserve*	Financial assets at		Non-controlling interests	Total equity	
				FVTOCI reserve (recycling)*	Retained profits*			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Balance at 1 July 2023	2,468,985	(412,007)	32,655	(19,702)	4,503,627	6,573,558	208,902	6,782,460
Profit for the period	-	-	-	-	312,911	312,911	(11)	312,900
Other comprehensive income/ (expenses) for the period								
Exchange gain/(loss) on translation of financial statements of foreign operations	-	27,816	-	-	-	27,816	-	27,816
Change in fair value of financial assets at FVTOCI	-	-	-	(22,158)	-	(22,158)	-	(22,158)
Change in fair value of land and buildings held for own use	-	-	(120)	-	-	(120)	-	(120)
Total comprehensive income/ (expense) for the period	-	27,816	(120)	(22,158)	312,911	318,449	(11)	318,438
2023 final dividend approved and paid (Note 7)	-	-	-	-	(19,580)	(19,580)	-	(19,580)
Balance at 31 December 2023	2,468,985	(384,191)	32,535	(41,860)	4,796,958	6,872,427	208,891	7,081,318

* These reserve accounts comprise the Group's reserves of HK\$4,403,442,000 (As at 30 June 2023 (Audited): HK\$4,104,573,000) in the condensed consolidated statement of financial position.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These condensed consolidated interim financial statements were authorised for issue on 29 February 2024, and have been reviewed by the Company’s Audit Committee.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 30 June 2023, except for the adoption of new or amended HKFRSs effective on or after 1 July 2023 as disclosed in Note 2 and the accounting policy changes that are expected to be reflected in the 2023 annual financial statements.

These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2023.

The financial information relating to the financial year ended 30 June 2023 that is included in the interim financial statements for the six months ended 31 December 2023 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 30 June 2023 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

2. ADOPTION OF NEW AND AMENDED HKFRSS

(a) New and amended HKFRSs that are effective for annual periods beginning on or after 1 July 2023

The condensed consolidated interim financial statements for the six months ended 31 December 2023 have been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 30 June 2023, except for the adoption of the following new and amended HKFRSs effective as of 1 July 2023. The Group has not early adopted any other standards, interpretation or amendment that has been issued but not yet effective.

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

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

(b) Issued but not yet effective HKFRSs

The Group has not applied any new and amended HKFRSs that have been published by the HKICPA but are not yet effective for the current accounting period. The Group has commenced an assessment of the impact of these new standards and amendments, but is not yet in a position to state whether they would have a significant impact on its results and financial position.

3. SEGMENT INFORMATION

The Group is principally engaged in property development and investment and provision of property management and related services. Turnover of the Group is the revenue from these activities.

In accordance with the Group's internal financial reporting provided to the executive directors of the Company, being the chief operating decision makers who is responsible for allocating resources, assessing performance of the operating segments and making strategic decision, the executive directors consider the business from business perspective.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

3. SEGMENT INFORMATION (Continued)

From business perspective, the Group organised into the following main business segments:

- Property sales;
- Property rental;
- Estate management; and
- Others – securities trading, investments in financial instruments and debentures

The chief operating decision makers assesses the performance of the operating segments based on the loss before income tax for the period.

Information regarding the Group's reportable segments as provided to the chief operating decision maker is set out below:

For the six months ended 31 December 2023 (Unaudited)

	Property sales HK\$'000	Property rental HK\$'000	Estate management HK\$'000	Others HK\$'000	Total HK\$'000
Revenue					
From external customers	60,902	16,993	576	–	78,471
Inter-segment revenue	4,000	–	–	–	4,000
Reportable segment revenue	64,902	16,993	576	–	82,741
Reportable segment profit/(loss)	51,183	(32,036)	(2,202)	1,064	18,009
Other information:					
Depreciation on property, plant and equipment	–	225	45	–	270
Depreciation of right-of-use assets	–	73	1,062	–	1,135
Income tax credit	326,385	–	–	–	326,385
Decrease in fair value of investment properties	–	(41,366)	–	–	(41,366)
Decrease in fair value of financial assets at FVTPL	–	–	–	(1,398)	(1,398)
As at 31 December 2023 (Unaudited)					
Reportable segment assets	2,729,539	6,125,952	6,670	46,818	8,908,979
Reportable segment liabilities	14,827	302,306	3,162	198,687	518,982

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

3. SEGMENT INFORMATION (Continued)

For the six months ended 31 December 2022 (Unaudited)

	Property sales HK\$'000	Property rental HK\$'000	Estate management HK\$'000	Others HK\$'000	Total HK\$'000
Revenue					
From external customers	–	22,182	3,017	–	25,199
Inter-segment revenue	–	420	–	–	420
Reportable segment revenue	–	22,602	3,017	–	25,619
Reportable segment (loss)/profit	(18,066)	23,222	543	911	6,608
Other information:					
Depreciation on property, plant and equipment	3	238	30	–	271
Depreciation of right-of-use assets	–	367	1,062	–	1,429
Income tax credit/(expense)	1,661	(1,278)	–	–	383
Increase in fair value of investment properties	–	7,452	–	–	7,452
Decrease in fair value of financial assets at FVTPL	–	–	–	(3,196)	(3,196)
As at 31 December 2022 (Unaudited)					
Reportable segment assets	2,724,279	6,010,944	8,405	42,666	8,786,294
Reportable segment liabilities	204,170	261,376	6,089	5,814	447,448

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

3. SEGMENT INFORMATION (Continued)

The Group's principal activities are disclosed in above, and the revenue during the year is as follows:

	Six months ended 31 December	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Property sales	60,902	–
Property rental	16,993	22,182
Estate management	576	3,017
	78,471	25,199

Disaggregation of revenue from contracts with customers

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

	Six months ended 31 December 2023		
	Property sales <i>HK\$'000</i> (Unaudited)	Property rental <i>HK\$'000</i> (Unaudited)	Estate management <i>HK\$'000</i> (Unaudited)
Segments			
Geographical markets			
PRC	60,902	329	294
Hong Kong	–	16,437	282
Malaysia	–	227	–
	60,902	16,993	576
Timing of revenue recognitions under HKFRS 15 from external customers			
At a point in time	60,902	–	576
Rental income not in the scope of HKFRS 15	–	16,993	–
	60,902	16,993	576

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

3. SEGMENT INFORMATION (Continued)

For the six months ended 31 December 2022 (Unaudited)

Segments	Six months ended 31 December 2022	
	Property rental <i>HK\$'000</i> (Unaudited)	Estate management <i>HK\$'000</i> (Unaudited)
Geographical markets		
PRC	1,928	2,425
Hong Kong	19,854	592
Malaysia	400	–
	<u>22,182</u>	<u>3,017</u>
Timing of revenue recognitions under HKFRS 15 from external customers		
At a point in time	–	3,017
Rental income not in the scope of HKFRS 15	<u>22,182</u>	<u>–</u>
	<u><u>22,182</u></u>	<u><u>3,017</u></u>

The reportable segment profit can be reconciled to the Group's profit/(loss) before income tax as presented in this interim financial report as follows:

	Six months ended 31 December	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Reportable segment profit	18,009	6,608
Unallocated corporate income	8,193	5,860
Unallocated corporate expenses	(27,336)	(25,429)
Finance costs	(12,351)	(5,422)
Loss before income tax of the Group	<u><u>(13,485)</u></u>	<u><u>(18,383)</u></u>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

4. OTHER INCOME, NET

	Six months ended 31 December	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Dividend income from listed equity investments	2,461	5,941
Interest received	7,728	5,212
Sundry income	465	788
	10,654	11,941

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

5. LOSS BEFORE INCOME TAX

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

	Six months ended 31 December	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
(a) Finance costs		
Interest charges on:		
Bank loans	16,885	13,551
Advances from a director	6,140	4,562
Other incidental borrowing costs	380	394
Bonds	–	525
	<hr/>	<hr/>
Total finance costs	23,405	19,032
Less: Interest capitalised into investment properties and properties under development for sale	<hr/> (11,054)	<hr/> (13,610)
	<hr/> 12,351 <hr/>	<hr/> 5,422 <hr/>
(b) Other items		
Depreciation	1,405	1,700
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	11,031	11,039
Contribution to defined contribution plans	330	336
	<hr/> 330 <hr/>	<hr/> 336 <hr/>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

6. INCOME TAX CREDIT

No Hong Kong Profits Tax has been provided in the condensed consolidated interim financial statements as the Group has no assessable profit in Hong Kong for the six months ended 31 December 2023 (2022: Nil).

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

The taxation credit is made up as follows:

	Six months ended 31 December	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current tax		
– Overseas		
PRC enterprise income tax (Note (a))	(351,706)	1,282
PRC land appreciation tax	25,321	–
	<u>(326,385)</u>	<u>1,282</u>
Deferred taxation	–	(1,665)
Total income tax credit	<u><u>(326,385)</u></u>	<u><u>(383)</u></u>

Note:

- (a) In accordance with the State Taxation Administration Announcement 2016 No. 81 on issues related to the refund of enterprise income tax arising from the settlement of land appreciation tax by real estate development enterprises (hereinafter as “No. 81 Announcement”), whereby after an enterprise conducts the settlement of land appreciation tax on a development project, any loss occurs after the final settlement and payment of enterprise income tax in the current year and there being no further sale of properties and no other subsequent development projects, the enterprise income tax overpaid for the project during its project life can be refunded.

In September 2021, 雄偉房地產開發(深圳)有限公司 (Power Wide Property Development (Shenzhen) Co. Ltd. (“Power Wide SZ”), the indirect wholly owned subsidiary of the Company, received a request from the local tax bureau to conduct the land appreciation tax clearance on its real estate development project located in Shenzhen, PRC. In July 2022 Power Wide SZ completed the tax clearance procedure and duly paid the final assessed land appreciation tax. During the year ended 30 June 2022 due to the COVID impact, Power Wide SZ has no sale of property which resulted in a tax loss for the year ended 30 June 2022 and thereby did not have sufficient income to offset the land appreciation tax paid in July 2022. In accordance with No. 81 Announcement, Power Wide SZ applied for the enterprise income tax paid in previous years to be refunded. The tax refund application was successful and the local tax bureau had agreed to refund approximately RMB328.9 million (equivalent to approximately HK\$351.7 million) to Power Wide SZ.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

7. DIVIDENDS

	Six months ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend declared and paid of HK3.0 cents (2022: HK2.0 cents) per ordinary share	19,580	13,054
Proposed interim dividend of HK2.25 cents (2022: HK1.75 cents) per ordinary share	14,686	11,422
	<u>34,266</u>	<u>24,476</u>

The interim dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

8. PROFIT/(LOSS) PER SHARE

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

	Six months ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(loss)		
Profit/(loss) attributable to the owners of the Company for the purpose of calculating basic and diluted profit/(loss) per share	<u>312,911</u>	<u>(17,980)</u>

Number of shares

	Six months ended 31 December	
	2023	2022
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purposes of basic profit/(loss) per share	<u>652,676,781</u>	<u>652,676,781</u>

Diluted profit/(loss) per share is the same as basic profit/(loss) per share for the six months ended 31 December 2023 as there was no potential ordinary shares outstanding as at 31 December 2023.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

9. INVESTMENT PROPERTIES AND PROPERTIES UNDER DEVELOPMENT

During the six months ended 31 December 2023, capital expenditure on additions of the investment properties was HK\$603,000 (31 December 2022: HK\$989,000), on properties under development was HK\$3,351,000 (31 December 2022: HK\$3,306,000).

The valuations of investment properties carries at fair value were updated at 31 December 2023 by the Directors using the same valuation techniques as were used by the independent valuers when carrying out the 31 December 2022 valuations. As a result of the update, a net loss on fair value change of HK\$41,366,000 (31 December 2022: net gain on fair value change of HK\$7,452,000) has been recognised in the condensed consolidated income statement.

During the six months ended 31 December 2023 and 31 December 2022, there was no disposal of investment properties.

10. OTHER FINANCIAL ASSETS

Other financial assets included the following investment:

	At 31 December 2023 HK\$'000 (Unaudited)	At 30 June 2022 HK\$'000 (Audited)
Non-current assets		
Financial assets at FVTOCI:		
Perpetual notes, listed in Hong Kong (<i>Note (a)</i>)	16,845	26,194
Perpetual notes, listed outside Hong Kong (<i>Note (b)</i>)	20,600	19,672
Debentures, listed in Hong Kong (<i>Note (c)</i>)	2,117	2,535
Debentures, listed outside Hong Kong (<i>Note (d)</i>)	19,124	35,416
Less: Impairment	<u>(18,553)</u>	<u>(18,345)</u>
	<u>40,133</u>	<u>65,472</u>
Current assets		
Financial assets at FVTOCI:		
Debentures, listed outside Hong Kong (<i>Note (d)</i>)	19,567	17,886
Less: Impairment	<u>(14,418)</u>	<u>(14,244)</u>
	<u>5,149</u>	<u>3,642</u>
	<u>45,282</u>	<u>69,114</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

10. OTHER FINANCIAL ASSETS (Continued)

The movement of gross balance of financial assets at FVTOCI is as follows:

	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 July 2022	152,615	–	21,488	174,103
Additions	18,125	–	–	18,126
Redemption	(88,583)	–	–	(88,583)
Change in fair value	(1,943)	–	–	(1,943)
Transfer from Stage 1 to Stage 3	(33,703)	–	33,703	–
At 30 June 2023	<u>46,512</u>	<u>–</u>	<u>55,191</u>	<u>101,703</u>
Redemption	–	–	(1,292)	(1,292)
Change in fair value	(8,421)	–	(13,737)	(22,158)
At 31 December 2023	<u>38,091</u>	<u>–</u>	<u>40,162</u>	<u>78,253</u>

The movements of impairment loss for financial assets at FVTOCI are as follows:

	At 31 December 2023 <i>HK\$'000</i>	At 30 June 2023 <i>HK\$'000</i>
Stage 3		
At the beginning of the reporting period	32,589	18,379
Increase in impairment loss recognized	<u>382</u>	<u>14,210</u>
At the end of the reporting period	<u>32,971</u>	<u>32,589</u>

The Group held the above investments under a business model whose objective is hold to collect the associated cash flows and sale; and the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

10. OTHER FINANCIAL ASSETS (Continued)

Note:

- (a) The Group has investment in perpetual notes with principal amounts ranging from US\$500,000 to US\$2,000,000 (30 June 2023 (Audited): US\$500,000 to US\$4,500,000) listed in Hong Kong without fixed maturity date at fixed rates ranging from 4.85% to 6.50% per annum, payable semi-annually (30 June 2023 (Audited): fixed rates ranging from 4.85% to 6.50% per annum, payable semi-annually). One listed debenture with principal amount of US\$10,000,000 with no fixed maturity date at floating rate of 7.75% with reset rate on reset date ranging from 5.72% plus mid market swap rate per annum was redeemed during the year ended 30 June 2023.
- (b) The Group has investments in three perpetual notes (30 June 2023 (Audited): three perpetual notes) with principal amount of US\$500,000, US\$1,000,000 and US\$1,400,000 (30 June 2023 (Audited): US\$500,000, US\$1,000,000 and US\$1,400,000) listed outside Hong Kong without fixed maturity date at a coupon rate ranging 5.25% to 8.00% (30 June 2023 (Audited): ranging from 5.25% to 8.00% per annum), payable semi-annually. One listed debenture with principal amount of US\$240,000 with no fixed maturity date at a coupon rate of 6.25% per annum was redeemed during the year ended 30 June 2023.
- (c) The Group has investment in one listed debenture with principal amounts of US\$620,570 (30 June 2023 (Audited): US\$620,570) listed in Hong Kong with maturity dates of 31 January 2028 at a fixed coupon rates of 6.50% (30 June 2023 (Audited): 6.50%) per annum, payable semi-annually. There was a default of interest payment by the debenture issuer in prior years. In the opinion of the directors, the credit quality of this debenture deteriorated significantly and an impairment loss of HK\$3,000,000 was recognised accordingly in prior years. The debenture issuer completed restructuring and announced the settlement plan in prior years.

In the opinion of the directors, the credit quality of this debenture improved and a reversal of impairment loss of HK\$2,806,000 was recognised accordingly in prior years. One listed debenture with principal amount of US\$1,000,000 with fixed maturity date on 31 January 2028 at a coupon rate of 6.50% per annum was partially redeemed during the year ended 30 June 2023.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

10. OTHER FINANCIAL ASSETS (Continued)

Note: (Continued)

- (d) The Group has investments in seven (30 June 2023 (Audited): seven) listed debentures with principal amounts ranging from US\$500,000 to US\$2,790,000 (30 June 2023 (Audited): US\$500,000 to US\$2,790,000) with fixed maturity date ranging from 23 March 2022 to 17 May 2026 (30 June 2023 (Audited): 23 March 2022 to 17 May 2026) at a coupon rates ranging from 5.50% to 10.50% (30 June 2023 (Audited): 5.50% to 10.50%) per annum, payable semi-annually which carry forward from 30 June 2020. One listed debenture with principal amount of US\$2,500,000 with fixed maturity date on 20 July 2024 at a coupon rate of 9% per annum was partially redeemed during the year. During the year ended 30 June 2023, there was defaults of interest payments by the debenture issuer. In the opinion of the directors, the credit quality of debentures of approximately HK\$33,703,000 deteriorated significantly and an impairment loss of HK\$14,210,000 was recognised accordingly during the year ended 30 June 2023. One listed debenture with principal amount of US\$3,100,000 with fixed maturity date on 20 November 2022 at a coupon rate of 7.25% per annum was extended to 20 July 2024 and its coupon rate was increased to 9.00% per annum during the year ended 30 June 2023. In the opinion of the directors, the credit quality of debentures of approximately HK\$18,568,000 deteriorated significantly and an impairment loss of HK\$382,000 was recognised accordingly during the period ended 31 December 2023.
- (e) As at 30 June 2023, no financial assets at FVTOCI have been pledged to secure banking facilities granted to the Group (Note 18).

Except as those mentioned above, the credit risk on other listed perpetual notes and debentures is considered to be insignificant because the issuers are assigned with high credit ratings by international credit rating agencies.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December 2023 HK\$'000 (Unaudited)	At 30 June 2023 HK\$'000 (Audited)
Financial assets at fair value through profit or loss		
Equity securities listed in Hong Kong (Note (a))	46,819	48,216

Note:

- (a) The fair value of the Group's investments in listed equity securities have been measured as described in Note 20.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

12. TRADE AND OTHER RECEIVABLES

	At 31 December 2023 HK\$'000 (Unaudited)	At 30 June 2023 HK\$'000 (Audited)
Trade receivables		
From third parties	2,805	2,437
Other receivables		
Prepaid expenses	5,576	6,969
Costs for obtaining contracts	6,975	6,773
Utilities deposits	3,060	2,440
Other deposits	693	693
Other receivables	10,181	7,936
	<u>26,485</u>	<u>24,811</u>
	<u>29,290</u>	<u>27,248</u>

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

	At 31 December 2023 HK\$'000 (Unaudited)	At 30 June 2023 HK\$'000 (Audited)
0 – 30 days	1,160	1,552
31 – 60 days	639	136
61 – 90 days	70	159
Over 90 days	936	590
	<u>2,805</u>	<u>2,437</u>

Trade receivables are due upon presentation of invoices.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

12. TRADE AND OTHER RECEIVABLES (Continued)

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

Costs for obtaining contracts mainly represent the incremental costs, primarily sales commission, as a result of obtaining the pre-sale property contracts. The Group has capitalised the amounts and amortised when the related revenue are recognised. No amount has been recognised in profit or loss in current period and prior year.

Other receivables included deposits paid to constructors to perform construct works for the Group's investment properties and properties under development. The credit risk of deposits paid are considered to be low, therefore the impact on expected credit loss ("ECL") is considered as immaterial.

13. BANK BALANCES AND CASH

	At 31 December 2023 HK\$'000 (Unaudited)	At 30 June 2023 HK\$'000 (Audited)
Cash at bank	<u>682,479</u>	<u>323,525</u>

Included in bank and cash balances of the Group is HK\$680,917,000 (30 June 2023 (Audited): HK\$283,555,000) of bank balances denominated are placed with banks in the PRC. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the bank balances are not freely transferred.

The credit risk on pledged deposits and cash at bank are considered to be insignificant because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

14. SHARE CAPITAL

	Unaudited As at 31 December 2023		Audited As at 30 June 2023	
	No. of shares	HK\$'000	No. of shares	HK\$'000
Voting ordinary shares:				
At the beginning and the end of the period/year	<u>652,676,781</u>	<u>2,468,985</u>	<u>652,676,781</u>	<u>2,468,985</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

15. LEASE LIABILITIES

	At 31 December 2023 HK\$'000 (Unaudited)	At 30 June 2023 HK\$'000 (Audited)
Total minimum lease payments:		
Due within one year	1,845	2,186
Due in the second to fifth years	—	791
	<u>1,845</u>	<u>2,977</u>
Future finance charges on leases liabilities	(8)	(21)
Present value of leases liabilities	<u>1,837</u>	<u>2,956</u>
Present value of minimum lease payments:		
Due within one year	1,837	2,167
Due in the second to fifth years	—	789
	<u>1,837</u>	<u>2,956</u>
Less: Portion due within one year included under current liabilities	<u>(1,837)</u>	<u>(2,167)</u>
Portion due after one year included under non-current liabilities	<u>—</u>	<u>789</u>

During the six months ended 31 December 2023, the total cash outflows for the leases is approximately HK\$1,131,000 (Six months ended 31 December 2022: HK\$1,131,000).

The Group considered that no extension option or termination option would be exercised at the lease commencement date. All are for leasing office premises. The lease periods are for three to five years.

16. CONTRACT LIABILITIES

	At 31 December 2023 HK\$'000 (Unaudited)	At 30 June 2023 HK\$'000 (Audited)
Contract liabilities arising from receipt in advance from sales of properties	<u>123,141</u>	<u>138,682</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

16. CONTRACT LIABILITIES (Continued)

The contract liabilities represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period. The Group expects the transaction price allocated to the unsatisfied performance obligations will be recognised as revenue when the Group transfers good or service to the customer.

No contract liabilities outstanding at the beginning of the year have been recognized as revenue during the year (2022: Nil).

Since all the contracts with an original duration of one year or less, as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

17. COMMITMENTS

(a) Capital commitments

Capital commitments in respect of properties under development outstanding at the reporting date not provided for in the condensed consolidated financial statements are as follows:

	At 31 December 2023 HK\$'000 (Unaudited)	At 30 June 2023 HK\$'000 (Audited)
Contracted but not provided for	<u>202,870</u>	<u>205,480</u>

(b) Operating lease commitments – as lessor

At the reporting date, the Group had future aggregate minimum lease rental receipts under non-cancellable operating leases in respect of the Group's properties as follows:

	At 31 December 2023 HK\$'000 (Unaudited)	At 30 June 2023 HK\$'000 (Audited)
Within one year	15,343	16,221
After 1 year but within 2 years	<u>1,502</u>	<u>2,111</u>
	<u>16,845</u>	<u>18,332</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

17. COMMITMENTS (Continued)

(c) Operating lease commitments – as lessee

At 31 December 2023, the lease commitments for short-term leases (2023: lease commitments for short-term leases) are payable as follows:

	At 31 December 2023 HK\$'000 (Unaudited)	At 30 June 2023 HK\$'000 (Audited)
Within one year	<u>104</u>	<u>16</u>

18. PLEDGE OF ASSETS

At 31 December 2023, the Group's total bank borrowings of HK\$870,000,000 (30 June 2023 (Audited): HK\$863,000,000) was secured by the following:

- (i) legal charges on certain of the Group's investment properties and land and building with carrying values of approximately HK\$2,720,411,000 (30 June 2023 (Audited): HK\$2,737,895,000) and HK\$38,746,000 (30 June 2023 (Audited): HK\$38,866,000) respectively;
- (ii) floating charge over all the assets and undertakings of certain subsidiaries.

19. SIGNIFICANT RELATED PARTY TRANSACTIONS

Details of significant related party transactions which were carried out in the ordinary course of the Group's business are as follows:

	Notes	Six months ended 31 December 2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Salaries and other short-term employee benefits paid to key management personnel, including amounts paid to the Company's directors		7,000	8,193
Interest paid to Dr. Chao Sze-Tsung Cecil	(a)	6,140	4,562
Commission paid to Szehope Securities Company Limited	(b)	<u>–</u>	<u>3</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

19. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

- (a) Dr. Chao Sze Tsung Cecil has provided unsecured advances, to the Group at 1% over prime interest rate in Hong Kong per annum. At 31 December 2023, the advances from Dr. Chao Sze Tsung Cecil amounted to approximately HK\$193,216,000 (30 June 2023 (Audited): HK\$172,716,000) and repayable on demand and therefore classified as a current liability.
- (b) Dr. Chao Sze-Tsung Cecil is the beneficial owner of Szehope Securities Company Limited.
- (c) Other than the above, no other transaction, arrangement or contract of significance to which the Company was a party and in which a director of the Company or a connected entity of the director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the period.

20. FAIR VALUE MEASUREMENT

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2, inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

20. FAIR VALUE MEASUREMENT (Continued)

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

		At 31 December 2023 (Unaudited)		
	Notes	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
Assets				
Financial assets at FVTPL:				
Listed equity securities held for trading	(a)	46,819	–	46,819
Financial assets at FVTOCI (before ECL):				
Perpetual notes, listed in Hong Kong	(b)	–	16,845	16,845
Perpetual notes, listed outside Hong Kong	(b)	–	20,600	20,600
Debentures, listed in Hong Kong	(b)	–	2,117	2,117
Debentures, listed outside Hong Kong	(b)	–	38,691	38,691
		<u>46,819</u>	<u>78,253</u>	<u>125,072</u>

		At 30 June 2023 (Audited)		
	Notes	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
Assets				
Financial assets at FVTPL:				
Listed equity securities held for trading	(a)	48,216	–	48,216
Financial assets at FVTOCI (before ECL):				
Perpetual notes, listed in Hong Kong	(b)	–	26,194	26,194
Perpetual notes, listed outside Hong Kong	(b)	–	19,672	19,672
Debentures, listed in Hong Kong	(b)	–	2,535	2,535
Debentures, listed outside Hong Kong	(b)	–	53,302	53,302
		<u>48,216</u>	<u>101,703</u>	<u>149,919</u>

There have been no transfers between levels 1, 2 and 3 in the reporting period.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

20. FAIR VALUE MEASUREMENT (Continued)

Note

- (a) Listed equity securities held for trading

The listed equity securities are denominated in Hong Kong dollars. Fair values have been determined by reference to their quoted bid prices at the reporting date.

- (b) Listed debt securities

The listed debt securities are denominated in United States dollars. Fair values have been determined by reference to their quoted bid prices at the reporting date.

21. CONTINGENT LIABILITIES

On 31 July 2020, Empresa Industrial De Construção Limitda (“Empresa Industrial”) commenced a court case against Top Regent, a subsidiary of the Company, for an amount of approximately MOP11,347,000 (equivalent to approximately HK\$11,017,000), plus interest, in respect of a provision of services for land levelling works. Top Regent counterclaimed Empresa Industrial for an amount of approximately MOP2,610,000 (equivalent to approximately HK\$2,534,000).

After the court hearing, on 29 May 2023 the court made the judgment that Top Regent was required to compensate the total amount of HK\$11,000,000 to Empresa Industrial. A provision for compensation of HK\$11,000,000 was recognised in other payables.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Financial Highlights

Revenue for the six months ended 31 December 2023 (the “Period 2023”) amounted to HK\$78,471,000 (for the six months ended 31 December 2022 (the “Period 2022”): HK\$25,199,000), a 211.4% increase as compared with Period 2022. It was mainly due to increase in properties sold in Shenzhen amounted to HK\$60,902,000 during Period 2023.

For property leasing, the Period 2023 recorded that a decrease of 23.4% in rental income as compared with that for Period 2022, amounting HK\$16,993,000 (Period 2022: HK\$22,182,000).

Gross profit for the Period 2023 amounted to HK\$59,717, 000, as compared with gross loss of HK\$1,889,000 for Period 2022.

Other income decreased by 10.8% to HK\$10,654,000 for Period 2023 as compared with that for Period 2022. The other income for the Period 2023 were mainly attributed to dividend income and interest income. Decrease in fair value of financial assets at fair value through profit or loss amounted to HK\$1,397,000 (Period 2022: HK\$3,196,000). Decrease in fair value of investment properties amounted to HK\$41,366,000 (Period 2022: Increase in fair value of HK\$7,452,000). Administrative expenses increased by 4.0% to HK\$28,359,000 as compared with that of Period 2022. Finance costs increased by 127.8% to HK\$12,351,000 as compared with Period 2022. The increase was mainly due to increase in interest rate during Period 2023. Income tax credit for the Period 2023 was HK\$326,385,000 (Period 2022: income tax credit of HK\$383,000) which was mainly due to tax refund during Period 2023.

Profit attributable to owners of the Company for the Period 2023 was HK\$312,911,000 (Period 2022: Loss attributable to owners of the Company HK\$17,980,000). Basic profit per share was HK\$0.48 (Period 2022: Basic loss per share was HK\$0.03) and fully diluted profit per share was HK\$0.48 (Period 2022: fully diluted loss per share was HK\$0.03).

Final dividend of HK3.0 cents per share for the year ended 30 June 2023 (30 June 2022: HK2.0 cents per share) was paid during the Period 2023.

The Board resolved an interim dividend for Period 2023 of HK2.25 cents (Period 2022: HK1.75 cents) payable in cash. The interim dividend will be dispatched to all shareholders on 17 April 2024.

Total Equity Attributable To The Owners Of The Company

As at 31 December 2023, the Group's total equity attributable to the owners of the Company amounted to approximately HK\$6,872,427,000 (30 June 2023: HK\$6,573,558,000), an increase of HK\$298,869,000 or 4.5% when compared with 30 June 2023. With the total number of ordinary shares in issue of 652,676,781 as at 31 December 2023 (30 June 2023: 652,676,781 shares), the total equity attributable to the owners of the Company per share was HK\$10.53, representing an increase of 4.5% 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 31 December 2023, the fair value of investment in listed securities and perpetual note and debentures amounted to HK\$46,819,000 and HK\$45,282,000 respectively were classified as the financial assets at fair value through profit or loss and at fair value through other comprehensive income. During the Period 2023, the change in portfolio of listed securities include loss on fair value of HK\$1,397,000. The portfolio of perpetual note and debentures was decrease by a redemption of HK\$1,292,000 and negative change in fair value of HK\$22,158,000. The investment in financial assets as at 31 December 2023 represented 1.0% (30 June 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 31 December 2023 and 30 June 2023 were 652,676,781 and 652,676,781 respectively.

Debts And Gearing

As at 31 December 2023, the Group's bank and other borrowings amounted to HK\$1,066,225,000 (30 June 2023: HK\$1,036,449,000). Cash and bank balances amounted to HK\$682,479,000 (30 June 2023: HK\$323,525,000) and net borrowing of HK\$383,746,000 (30 June 2023: HK\$712,924,000).

Total debts to equity ratio was 15.5% (30 June 2023: 15.8%) and net debts to equity ratio was 5.6% (30 June 2023: 10.8%).

The increase in the total debt to equity ratio and decrease in net cash and bank balances to equity were mainly due to increase in bank borrowing and advance from a director during the Period 2023.

As at 31 December 2023, the Group's bank and other borrowings were denominated in Hong Kong dollars. Of the Group's total bank and other borrowings HK\$1,066,225,000, 40.9%, and 59.1% were repayable within 1 year and 2 to 5 years respectively by reference to the repayment on demand clause based on scheduled repayments of the loan agreement. The Group's bank and other borrowings carried interest rates by reference to Hong Kong Interbank Offer Rate ("HIBOR.") and Prime Rate.

Pledge Of Assets

As at 31 December 2023, the Group's investment properties and land and building with carrying value of HK\$2,720,411,000 (30 June 2023: HK\$2,737,895,000) and HK\$38,746,000 (30 June 2023: HK\$38,866,000) were pledged to secure general banking facilities of the Group.

Finance Costs

Financial costs included interest expenses on bank and other loans, arrangement, facility and commitment fee expenses. Interest capitalized for the Period was HK\$11,054,000 as compared to HK\$13,610,000 for the last year. Interest expenses for the Period 2023 amounted to HK\$12,351,000, representing 127.8% increase over the interest expenses of HK\$5,422,000 recorded for Period 2022. The increase in interest expense was mainly due to the combined effect of increase in bank loans interest and other borrowing cost during Period 2023. The average interest rate over the period under review was 4.5% (2022: 3.7%) 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 31 December 2023 and that valuation was used in preparing financial statements for Period 2023. The Group's investment properties and investment properties under development were valued at HK\$4,976,672,000 and HK\$1,855,537,000 respectively making the total HK\$6,832,209,000 (30 June 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\$41,366,000 was debited to the income statement for the Period. The Group's land and building held for a director's quarter carried at fair value were valued at HK\$38,746,000 (30 June 2023: HK\$38,866,000). The decrease in fair value of HK\$120,000 for the Period 2023 were recorded in property revaluation reserves. Properties under development for sale of the Group were stated at lower of cost or net realisable value in the financial statements.

RISK MANAGEMENT

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

REMUNERATION POLICIES AND SHARE OPTION SCHEME

As at 31 December 2023, the Group employed a total of 51 (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 by the Company.

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. For the year ended 30 June 2023, 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 and will be completed before financial year ended.

KEY RELATIONSHIPS

Relationships with vendors

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

Relationships with customers

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

Relationships with employees

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

BUSINESS REVIEW

Hong Kong Properties

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

The Certificate of Compliance of the entire development (which comprised both Phase 1 and Phase 2) has been issued in January 2024. Our lawyer has already served completion notice to all purchasers for completion of the purchase.

Villa Cecil Phase II, 192 Victoria Road, Pokfulam

The occupancy rate maintained at 60%.

Villa Cecil Phase III, 216 Victoria Road, Pokfulam

The occupancy rate of the two blocks has reached 60% which contributed good rental income to the Group.

Cheuk Nang Lookout, 30 Severn Road, The Peak

The renovation of the two villas (Villa Begonia and Villa Crocus) to enhance the quality is completed.

New Villa Cecil, 33 Cheung Chau Sai Tai Road, Cheung Chau

Over 40% of the villas in Phase 1 are leased out. The construction work of Phase 2 and the overall site improvement work are in progress and nearly completed.

China Properties

The People's Bank of China has lowered the 5-year loan prime rate by 0.25%, which may contribute to stabilizing the PRC property market and benefit the PRC investment and consumption sectors.

Cheuk Nang Garden

Longhwa, Shenzhen

The sale campaign was resumed after 2023 Chinese New Year and uptill now, a total of 17 units were sold and the sales amounted to RMB100.15 million.

Cheuk Nang • Riverside

Yue Hang Qu, Hangzhou

The construction of the development is completed and 規劃驗收 (check and acceptance of planning) was approved.

The new station of underground mass transit railway will be in front of our site. The value of our units should be very much benefitted.

Macau Properties

Golden Cotai No. 1

Estrada de Seac Pai Van, Coloane

The Company has submitted an application for land renewal through our local lawyer in Macau in April 2021. The reply from the DSSOPT has approved our application in January 2024 subject to certain conditions to comply with and we are discussing with our lawyer and team of consultants to negotiate with the government to achieve our best interest. The DSSOPT has made a proposal to the director to submit the Chief Executive to grant the contract for change of land use and at the same time grant lease renewal for ten years. The Public Works Bureau has confirmed that the change of land use is consistent with the use stipulated in the “Macau Special Administrative Region Urban Master Plan”.

Malaysia Properties

Phase I “Parkview”

Lot 1359, Section 57, Lorong Perak, Kuala Lumpur

The occupancy of the serviced apartments currently is not satisfactory, and upgrading the property to improve the occupancy is continuing in progress.

Phase II “Cecil Central Residence”

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

The amended Development Order has been approved. New application for approval of the amended building plans was submitted.

INVESTMENT IN BONDS AND HONG KONG STOCK MARKET

The investment in Bond market as at 31 December 2023 was HK\$45,282,000. During Period 2023, a total of HK\$1,292,000 was redeemed and no Bond was purchased.

The market price of our investment in the Hong Kong stocks as at 31 December 2023 was HK\$46,819,000. During Period 2023, no stock was purchased and sold.

INTERIM DIVIDEND

The Directors resolved to recommend the payment of an interim dividend of HK2.25 cents (2022: HK1.75 cents) per share payable to those shareholders whose names appeared in the register of members as at the close of business on 28 March 2024. The interim dividend will be paid on 17 April 2024.

CLOSURE OF REGISTER

The register of members of the Company will be closed from 25 March 2024 to 28 March 2024 (both days inclusive) during which period no transfers of shares would be effected. In order to qualify for the interim 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 22 March 2024.

PURCHASE AND CANCELLATION OF SHARES

There was no redemption, purchase or cancellation of shares by the Company or any of its subsidiaries during Period 2023.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

The Board believes that good corporate governance is crucial to improve the efficiency and performance of the Group and to safeguard the interests of the shareholders. During the period, the Company had complied with the relevant provisions set out in the Corporate Governance Code (the "CG Code") based on the principles set out in Appendix C1 to the Listing Rules, save the following:

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

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed the internal controls and financial reporting matters including a review of the unaudited interim results of the Company for Period 2023.

The interim financial statements for Period 2023 have not been audited but have been reviewed by the Company's external auditor.

The financial information disclosed above complies with the disclosure requirements of Appendix D2 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted codes of conduct regarding securities transactions by Directors (the "Securities Code") and relevant employees on terms no less exacting than the required standard set out in the Model Code contained in Appendix C3 of the Listing Rules (the "Model Code") throughout Period 2023. 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 and its code of conduct regarding securities transactions by Directors during Period 2023.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2023, the interests and short positions of the Directors and Chief Executive in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code, were as follows:

Name	Equity	Personal interest	Corporate interests
Chao Sze-Tsung Cecil	Ordinary Shares of	32,573,397 shares	453,408,112 shares
Lee Ding Yue Joseph	Ordinary Shares of	1,765,767 shares	–

Note: The shareholdings disclosed by Dr. Cecil Sze-Tsung Chao under the heading "Corporate Interests" in the above represents the shares held by Yan Yin Company Limited and Szehope Securities Company Limited, substantial shareholders of the Company.

The Company did not grant to the Directors, Chief Executive or their associates any right to subscribe for shares in the Company.

Save as disclosed above, none of the Directors or their associates had any interest or short position in the shares of the Company or its subsidiaries as at 31 December 2023 that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time during the year was the Company, any of its subsidiaries, its fellow subsidiaries or its holding company a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

By order of the Board
HO SAU FUN CONNIE
Company Secretary

Hong Kong, 29 February 2024