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ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2024

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 2024, together with comparative figures from the previous corresponding year, summarised as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	3		
Hotel income		22,526	25,551
Trading income		2,206	119
Interest income		–	390
Dividend income		<u>6,534</u>	<u>5,099</u>
		31,266	31,159
Cost of sales		<u>(16,697)</u>	<u>(17,522)</u>
Gross profit		14,569	13,637
Other income and gains	4	5,520	3,417
Selling and distribution expenses		–	(10)
General and administrative expenses		(25,297)	(21,104)
Finance costs	6	(692)	(1,457)
Share of loss of associates		(101)	(1,316)
Net loss on fair value change of financial assets at fair value through profit or loss		(41,547)	(43,732)
Loss on derecognition of other receivables		(23,002)	–
Reversal of impairment loss/(impairment loss) on loans receivable	11	200	(8,693)
Reversal of impairment loss/(impairment loss) on other receivables and deposits	10	157	(260)
Impairment loss on property, plant and equipment		–	(9,801)
Net deficit on revaluation of investment properties		<u>(1,415)</u>	<u>(3,100)</u>
Loss before income tax	5	(71,608)	(72,419)
Income tax credit	7	837	2,588
Loss for the year, attributable to owners of the Company		<u>(70,771)</u>	<u>(69,831)</u>
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences arising on translation of foreign operations		<u>(21,334)</u>	<u>(13,594)</u>
Other comprehensive income for the year		<u>(21,334)</u>	<u>(13,594)</u>
Total comprehensive income for the year, attributable to owners of the Company		<u>(92,105)</u>	<u>(83,425)</u>
Loss per share			
— Basic and diluted	9	<u>HK(0.45) cent</u>	<u>HK(0.44) cent</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		240,454	270,459
Investment properties		–	15,900
Interests in associates		–	1,919
		<hr/>	<hr/>
Total non-current assets		240,454	288,278
		<hr/>	<hr/>
Current assets			
Inventories		3,115	3,846
Trade receivables, other receivables, deposits and prepayments	<i>10</i>	9,815	84,794
Loans receivable	<i>11</i>	–	1,200
Financial assets at fair value through profit or loss	<i>12</i>	131,326	118,186
Deposits in a financial institution		89,780	67,356
Pledged bank balances		582	650
Bank balances and cash		26,075	56,281
		<hr/>	<hr/>
Total current assets		260,693	332,313
		<hr/>	<hr/>
Current liabilities			
Trade payables, other payables and accruals	<i>13</i>	7,076	5,679
Contract liabilities		214	2,378
Borrowings	<i>14</i>	24,260	46,184
Lease liabilities		349	–
Current tax payable		2,147	2,399
		<hr/>	<hr/>
Total current liabilities		34,046	56,640
		<hr/>	<hr/>
Net current assets		226,647	275,673
		<hr/>	<hr/>
Total assets less current liabilities		467,101	563,951
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)**As at 30 June 2024*

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Non-current liabilities			
Deferred tax liabilities		<u>33,058</u>	<u>37,803</u>
Total non-current liabilities		<u>33,058</u>	<u>37,803</u>
Net assets		<u>434,043</u>	<u>526,148</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	784,776	784,776
Reserves		<u>(350,733)</u>	<u>(258,628)</u>
Total equity		<u>434,043</u>	<u>526,148</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 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.

2. CHANGES IN ACCOUNTING POLICIES

(a) New standards, interpretation and amendments adopted from 1 July 2023

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 effective for the Group’s consolidated financial statements for the annual period beginning on 1 July 2023:

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 HKFRS 17	International Tax Reform — Pillar Two Model Rules Insurance Contracts

Except for the below, the application of these new or amendments to standards 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 amendments to standards that is not yet effective for the current accounting period.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) New standards, interpretation and amendments adopted from 1 July 2023 (Continued)

Amendments to HKAS 1 and HKFRS Practice Statement 2

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group’s disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group’s financial statements.

(b) New guidance on accounting for the mandatory provident fund (“MPF”) — long service payments (“LSP”) offsetting mechanism in Hong Kong issued by the HKICPA

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers’ mandatory contributions under the MPF scheme to offset severance payment (“SP”) and LSP (the “Abolition”). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 (the “Transition Date”). The following key changes will take effect since the Transition Date:

- Accrued benefits derived from employers’ mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.
- The pre-transition LSP/SP is calculated using the last month’s salary immediately preceding the Transition Date, instead of using the last month’s salary of employment termination date.

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employer’s MPF contributions and its LSP obligation and the accounting for offsetting mechanism could become material in light of the Abolition, the HKICPA published ‘Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong’ (“the Guidance”) in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, being:

Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee’s LSP benefits in terms of HKAS 19.93(a)

Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

For the years ended 30 June 2023 and 2024, the Group’s LSP liability before the expected offsetting under the MPF-LSP offsetting mechanism is immaterial. Application of the Guidance had no material effect on the consolidated financial statements of the Group.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(c) New Standards, interpretations and amendments that have been issued but are not yet effective

The following new and amendments to standards, have been issued, but are not yet effective and have not been early adopted by the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1	Non-current liabilities with Covenants ¹
HK Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability Disclosure ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵

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

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

³ Effective for annual periods beginning on or after 1 January 2026

⁴ Effective for annual periods beginning on or after 1 January 2027

⁵ Effective date to be determined

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 consideration expected to be entitled by the Group for goods sold and services provided to outside customers, net of sales related taxes, interest income from loans receivable and dividend income from investments in listed securities during the year.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers		
Hotel income:		
Room Rental	20,626	22,742
Food and beverage sales	1,900	2,809
	<u>22,526</u>	<u>25,551</u>
Trading income:		
Sales of Liquor and wine	2,206	119
	<u>24,732</u>	<u>25,670</u>
Revenue from other sources		
Interest income:		
Money lending services	–	390
Dividend income:		
Investments in listed securities	6,534	5,099
Total	<u>31,266</u>	<u>31,159</u>
Disaggregation of revenue from contracts with customers:		
At a point in time	4,106	2,928
Overtime	20,626	22,742
Total	<u>24,732</u>	<u>25,670</u>

3. REVENUE AND SEGMENT REPORTING *(Continued)*

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.

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) money lending services;
- (iii) liquor and wine; and
- (iv) investments in listed securities

There were no inter-segment transactions between different operating segments for the year (2023: 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.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that:

- fair value change on investment properties
- share of result of associates
- finance costs
- corporate income and expenses which are not directly attributable to the business activities of any operating segment

are not included in arriving at the operating results of the operating segment.

Segment assets include all assets except interests in associates and investment properties. In addition, corporate assets, bank balances and cash and deposits in a financial institution which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities include all liabilities but current tax payable and deferred tax liabilities. In addition, corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

No asymmetrical allocations have been applied to reportable segments.

3. REVENUE AND SEGMENT REPORTING (Continued)

Segment reporting (Continued)

(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 2024

	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 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>22,526</u>	<u>–</u>	<u>2,206</u>	<u>6,534</u>	<u>31,266</u>
Segment (loss)/profit	<u>(1,752)</u>	<u>(1,027)</u>	<u>1,210</u>	<u>(58,680)</u>	<u>(60,249)</u>
Unallocated corporate income and gains					4,743
Unallocated corporate expenses (<i>note</i>)					(13,894)
Finance costs					(692)
Share of loss of associates					(101)
Net deficit on revaluation of investment properties					<u>(1,415)</u>
Loss before income tax					<u>(71,608)</u>

Note:

Unallocated corporate expenses mainly included corporate staff salaries, directors' remuneration and legal and professional fee for the year ended 30 June 2024.

3. REVENUE AND SEGMENT REPORTING (Continued)

Segment reporting (Continued)

(b) Segment revenue and results (Continued)

For the year ended 30 June 2023

	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 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>25,551</u>	<u>390</u>	<u>119</u>	<u>5,099</u>	<u>31,159</u>
Segment loss	<u>(10,036)</u>	<u>(8,571)</u>	<u>(602)</u>	<u>(42,361)</u>	(61,570)
Unallocated corporate income and gains					2,971
Unallocated corporate expenses (<i>Note</i>)					(7,947)
Finance costs					(1,457)
Share of loss of associates					(1,316)
Net deficit on revaluation of investment properties					<u>(3,100)</u>
Loss before income tax					<u>(72,419)</u>

Note:

Unallocated corporate expenses mainly included corporate staff salaries, directors' remuneration and legal and professional fee for the year ended 30 June 2023.

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Segment assets		
Hotel hospitality business	246,994	273,631
Money lending services	516	1,418
Liquor and wine	16,212	18,925
Investments in listed securities	131,845	198,117
	<hr/>	<hr/>
Total segment assets	395,567	492,091
Interests in associates	–	1,919
Investment properties	–	15,900
Deposits in a financial institution	89,780	67,356
Unallocated bank balances and cash	14,485	41,905
Unallocated corporate assets	1,315	1,420
	<hr/>	<hr/>
Consolidated total assets	501,147	620,591
	<hr/> <hr/>	<hr/> <hr/>
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Segment liabilities		
Hotel hospitality business	28,747	36,597
Money lending services	349	–
Liquor and wine	133	2,297
Investments in listed securities	25	25
	<hr/>	<hr/>
Total segment liabilities	29,254	38,919
Current tax payable	2,147	2,399
Deferred tax liabilities	33,058	37,803
Unallocated corporate liabilities	2,645	15,322
	<hr/>	<hr/>
Consolidated total liabilities	67,104	94,443
	<hr/> <hr/>	<hr/> <hr/>

3. REVENUE AND SEGMENT REPORTING (Continued)

Segment reporting (Continued)

(d) Other segment information

For the year ended 30 June 2024

	Hotel hospitality business HK\$'000	Money lending services HK\$'000	Liquor and wine HK\$'000	Investments in listed securities 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	1,535	13	-	-	-	1,548
Depreciation of property, plant and equipment	(3,702)	(342)	-	-	-	(4,044)
Reversal of impairment loss on other receivables and deposits	-	-	-	157	-	157
Reversal of impairment loss on loans receivable	-	200	-	-	-	200
Interest income from banks and a financial institution	1	2	401	1	4,386	4,791
Net loss on fair value change of financial assets at fair value through profit or loss	-	-	-	(41,547)	-	(41,547)
Amounts regularly provided to the chief operating decision-maker but not included in the measure of segment profit or loss:						
Finance costs	(246)	(30)	-	-	(416)	(692)

3. REVENUE AND SEGMENT REPORTING (Continued)

Segment reporting (Continued)

(d) Other segment information (Continued)

For the year ended 30 June 2023

	Hotel hospitality business HK\$'000	Money lending services HK\$'000	Liquor and wine HK\$'000	Investments in listed securities 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	1,427	–	–	–	–	1,427
Depreciation of property, plant and equipment	(3,989)	–	–	–	–	(3,989)
Impairment loss on property, plant and equipment	(9,801)	–	–	–	–	(9,801)
Impairment loss on other receivables and deposits	–	–	–	(260)	–	(260)
Impairment loss on loans receivable	–	(8,693)	–	–	–	(8,693)
Interest income from banks and a financial institution	1	1	22	181	2,324	2,529
Net loss on fair value change of financial assets at fair value through profit or loss	–	–	–	(43,732)	–	(43,732)
Amounts regularly provided to the chief operating decision-maker but not included in the measure of segment profit or loss:						
Finance costs	(315)	(12)	–	–	(1,130)	(1,457)

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 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		Non-current assets	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong	6,534	5,489	11	17,819
The PRC	2,206	119	–	–
Japan	22,526	25,551	240,443	270,459
	<u>31,266</u>	<u>31,159</u>	<u>240,454</u>	<u>288,278</u>

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

(f) Major customers

There is no external customer whose revenue is more than 10% of the Group's revenue for the years ended 30 June 2024 and 2023.

4. OTHER INCOME AND GAINS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income from banks and a financial institution	4,791	2,529
Gain on disposal of a subsidiary	101	–
Gain on disposal of interest in associates	82	–
Government subsidies (<i>note</i>)	–	32
Rental income from investment properties	170	510
Other sundry income	376	346
	<u>5,520</u>	<u>3,417</u>

Note:

For the year ended 30 June 2023, the government subsidies represented a subsidy under Employment Support Scheme launched by the Government of the Hong Kong Special Administrative Region.

5. LOSS BEFORE INCOME TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Auditor's remuneration	1,600	1,750
Depreciation expense in respect of:		
Owned assets (<i>note (a)</i>)	3,704	3,989
Right-of-use assets (<i>note (a)</i>)	340	–
	4,044	3,989
Cost of inventories recognised as expense, including:	13,196	13,750
— Write-down of inventories	603	–
(Reversal of impairment loss)/impairment loss of loans receivable (<i>note 11</i>)	(200)	8,693
(Reversal of impairment loss)/impairment loss on other receivables and deposits (<i>note 10</i>)	(157)	260
Impairment loss on property, plant and equipment	–	9,801
Employee benefit expenses (including directors' remuneration) (<i>note (b)</i>):		
Salaries and allowances	9,476	10,032
Contributions to retirement benefit schemes	459	647
Short term lease expenses	414	261
Exchange losses, net	668	184
	<u>668</u>	<u>184</u>

Notes:

- (a) Depreciation expense of HK\$3,501,000 (2023: HK\$3,772,000) has been included in cost of sales, and HK\$543,000 (2023: HK\$217,000) in general and administrative expenses.
- (b) Employee benefit expenses (including directors' remuneration) of HK\$4,979,000 (2023: HK\$5,132,000) has been included in cost of sales, and HK\$4,956,000 (2023: HK\$5,547,000) in general and administrative expenses.

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank loans	246	315
Interest on other loans	416	1,130
Interest on lease liabilities	30	12
	<u>692</u>	<u>1,457</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 2024 and 2023. 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 2024 and 2023. No provision for 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 PRC withholding tax at the rate of 10% in respect of dividend income derived from PRC incorporated companies for the year ended 30 June 2023.

Under the relevant Japan tax regulations, the profits of the business under tokumei kumiai arrangement (“TK Arrangement”) which is distributed to a tokumei kumiai investor after deducting any accumulated losses in prior years is subject to the tax rate 20.42%. There is no tax paid or payable for the both years ended 30 June 2024 and 2023 as there are no distribution reserves.

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 years ended 30 June 2024 and 2023.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax		
— The PRC	–	220
— Japan	7	8
Deferred tax	<u>(844)</u>	<u>(2,816)</u>
Total income tax credit	<u>(837)</u>	<u>(2,588)</u>

8. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 30 June 2024 (2023: Nil).

9. LOSS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	<u>(70,771)</u>	<u>(69,831)</u>
	Number of shares	
	2024 <i>'000</i>	2023 <i>'000</i>
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>15,695,532</u>	<u>15,695,532</u>

Diluted loss per share amount for the years of 2024 and 2023 is the same as basic loss per share because there is no potential ordinary shares.

10. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	3,842	816
Less: Provision for impairment losses	<u>(117)</u>	<u>(116)</u>
Trade receivables, net (<i>note a</i>)	3,725	700
Other tax recoverable	1,642	1,494
Other receivables (<i>note b</i>)	2,994	82,384
Other deposits and prepayments	<u>1,454</u>	<u>216</u>
	<u><u>9,815</u></u>	<u><u>84,794</u></u>

Notes:

- (a) The Group allows credit period of 0 to 365 days (2023: 0 to 365 days) to its customers.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	925	666
31–60 days	49	22
Over 90 days	<u>2,751</u>	<u>12</u>
	<u><u>3,725</u></u>	<u><u>700</u></u>

There is no collateral for trade receivables as at 30 June 2024 and 2023.

The movements in the expected credit loss for trade receivables for the years ended 30 June 2024 and 2023 are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At 1 July	116	126
Exchange realignment	<u>1</u>	<u>(10)</u>
As at 30 June	<u><u>117</u></u>	<u><u>116</u></u>

10. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(Continued)

- (b) Other receivables as at 30 June 2023 mainly represented the receivable from an independent third party of HK\$79,500,000 as at 30 June 2023, which was settled during the year ended 30 June 2024. Loss of HK\$23,002,000 has been arising from settlement of receivable by way of shares in another entity listed on the Stock Exchange.

The movements in the expected credit loss for the other receivables for the years ended 30 June 2024 and 2023 are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At 1 July	393	153
(Reversal of expected credit loss)/expected credit loss for the year	(157)	260
Exchange realignment	(1)	(20)
	<hr/>	<hr/>
As at 30 June	235	393
	<hr/> <hr/>	<hr/> <hr/>

11. LOANS RECEIVABLE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Gross loan and interest receivables	229,055	230,689
Less: impairment losses allowances	(229,055)	(229,489)
	<hr/>	<hr/>
	–	1,200
	<hr/> <hr/>	<hr/> <hr/>

As at 30 June 2024, the loans receivable with gross principal amount of HK\$146,894,000 (2023: HK\$161,894,000) in aggregate and related gross interest receivables of HK\$82,161,000 (2023: HK\$68,795,000) were due from seven (2023: eight) independent third parties. These loans are interest-bearing at rates ranging from 8% to 20% (2023: 5.5% to 20%) per annum. 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 2024, the Group held collateral over loans receivable with gross principal amount of HK\$46,833,000 (2023: HK\$61,393,000).

Reversal of impairment loss of HK\$200,000 (2023: Impairment loss of HK\$8,693,000) has been recognised in the consolidated statement of comprehensive income for the year ended 30 June 2024.

11. LOANS RECEIVABLE (Continued)

The movements in the impairment losses allowances for loans receivable for the years ended 30 June 2024 and 2023 are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At 1 July	229,489	204,033
(Reversal of impairment loss)/impairment loss for the year	(200)	8,693
Written off	(16,515)	–
Unwinding of discount on the credit-impaired loans	16,281	16,763
	<hr/> 229,055 <hr/>	<hr/> 229,489 <hr/>
At 30 June	229,055	229,489

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Listed securities in Hong Kong at market value (<i>note</i>)	131,326	118,186
	<hr/> 131,326 <hr/>	<hr/> 118,186 <hr/>

Note:

For the year ended 30 June 2024, the fair value loss of listed securities was HK\$41,547,000 (2023: HK\$47,471,000) which has been dealt with in the consolidated statement of comprehensive income for the year ended 30 June 2024.

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

13. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables (<i>note</i>)	1,684	1,104
Other tax payable	1,679	1,774
Other payables and accruals	<u>3,713</u>	<u>2,801</u>
	<u><u>7,076</u></u>	<u><u>5,679</u></u>

Note:

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	1,677	1,053
31–60 days	–	33
61–90 days	–	10
Over 90 days	<u>7</u>	<u>8</u>
	<u><u>1,684</u></u>	<u><u>1,104</u></u>

14. BORROWINGS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank loans, secured	24,260	33,604
Other loan, secured	–	12,000
Other loan, unsecured	–	580
	<u>24,260</u>	<u>46,184</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within one year	<u>24,260</u>	<u>46,184</u>

Bank loans were secured by (i) land and building with the carrying amount of HK\$237,826,000 (2023: HK\$269,242,000 (note 14)); (ii) the bank balances of HK\$582,000 (2023: HK\$650,000); and (iii) the entire equity interest of certain subsidiary as at 30 June 2024 and 2023.

The abovementioned bank loans are charged at floating rates of 0.85% per annum (2023: 0.94% per annum).

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

15. SHARE CAPITAL

	Number of shares '000	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.05 each at 30 June 2023 and 2024		
Authorised:		
At 1 July 2022, 30 June 2023, 1 July 2023 and 30 June 2024	<u>30,000,000</u>	<u>1,500,000</u>
	Number of shares '000	Amount <i>HK\$'000</i>
Issued and fully paid:		
At 1 July 2022, 30 June 2023, 1 July 2023 and 30 June 2024	<u>15,695,532</u>	<u>784,776</u>

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.

As at 30 June 2024, the Group's operations recorded a revenue of approximately HK\$31.3 million (2023: approximately HK\$31.2 million). The net loss for the year ended 30 June 2024 was approximately HK\$70.7 million (2023: approximately HK\$69.8 million) while the loss for the year attributable to owners of the Company was approximately HK\$70.7 million (2023: approximately HK\$69.8 million). Basic loss per share was approximately 0.45 HK cent (2023: approximately 0.44 HK cent). The net loss for the year was mainly attributable to the fair value loss of approximately HK\$41.5 million in respect of the financial assets at fair value through profit or loss.

Hotel hospitality business

During the year, the hotel hospitality business recorded a revenue of approximately HK\$22.5 million (2023: approximately HK\$25.6 million) and a segment loss of approximately HK\$1.8 million (2023: segment loss of approximately HK\$10.0 million).

Hotel hospitality business is the core business of the Group which contributed approximately 72% of the Group's revenue for the year ended 30 June 2024. 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 2024, the fair value less cost of disposal method was adopted, in which is higher than the result of value-in-use calculation and is based on direct comparison approach with reference to the recent sales of similar transactions in the market.

Based on the assessment result, no impairment loss on property, plant and equipment was recognised for the year ended 30 June 2024.

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 key assumption adopted in the fair value less cost of disposal approach for 30 June 2024 and 2023 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.

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 2024 and 2023.

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 average annual growth rate of revenue of approximately 2% (2023: 2%). 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 the Japanese Government implemented the planned gradual reopening to inbound tourists in the year, Japan inbound market has been active. As a result, there was a gradual increase in the number of visitors to Japan in the year under review. The revenue growth rate in 2024 was lower than that in 2023 by approximately 12%. The gross profit ratio of the forecasted period was expected to be approximately 94% (2023: 93%) with reference to the historical record. The pre-tax discount rate of 20% (2023: 17%) 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% (2023: 2%) which was referred to long-term growth rate of tourism in Niseko and the long-term inflation rate in Japan.

The Group's business plan to further develop the hotel hospitality business included the renovation of the Resort Towers (the "Renovation Project"). Due to unforeseen circumstances, the Renovation Project has been delayed and could not proceed as initially scheduled. The primary reasons for the delay in the Renovation Project is our dissatisfaction with the proposed design. We believe that the design plays a crucial role in enhancing the overall appeal and functionality of the hotel. After careful consideration and evaluation, we realized that the proposed design did not align with our vision for the hotel's future. As such, we deemed it necessary to revisit and revise the design to ensure that it meets our standards and reflects our brand identity effectively. Another significant challenge we encountered was the inability to secure a reliable construction team for the building and MEP (Mechanical, Electrical, and Plumbing) inspection and construction due to a shortage of qualified contractors and engineers in the region. The construction industry is currently facing unprecedented demands, leading to a scarcity of skilled professionals available to undertake projects of this scale. Despite our best efforts to engage suitable contractors, the shortage in the market has posed a considerable obstacle in assembling a competent team to execute the renovation project efficiently.

We are dedicated to delivering a renovated hotel that exceeds expectations and upholds the high standards that our guests have come to expect. Our team is working diligently to overcome these obstacles and proceed with the Renovation Project promptly.

The re-schedule business plan as follows:

- | | |
|--------------------------|---|
| November 2024–March 2025 | <ul style="list-style-type: none">• Pre-peak season preparation including but not limited to building safety inspection and maintenance; staff training;• Peak season operation;• Secure quotation from professional required (Architect, Structural Engineer, MEP Engineer) for the renovation project;• Review and confirm final design concept;• Confirm the work scope & fees with the selected Interior Designer for the Design Phase. |
| April–October 2025 | <ul style="list-style-type: none">• Apply for regulatory approval (if necessary);• Completion of building and MEP inspection;• Main renovation phase 1: renovation works will commence on the one of the two towers. |
| November 2025–March 2026 | <ul style="list-style-type: none">• Pre-peak season preparation including but not limited to building safety inspection and maintenance; staff training;• Peak season operation;• Renovation work of the first tower will be substantially completed and several suites will be available for rental, hence, additional revenue will be recognized;• All the substantial renovation work will be suspended during the peak season because of the weather conditions as well as to provide a silent and relaxing environment to the Group’s guests and customers. |

April–October 2026	Main renovation phase 2: Renovation work will commence again for two towers during the off-season.
November 2026–March 2027	<ul style="list-style-type: none"> • Pre-peak season preparation including but not limited to building safety inspection and maintenance; staff training; • Peak season operation; • Renovation work of the first tower will be completed at all and the second tower will be substantially completed and most of the suites will be available for rental, hence, additional revenue will be recognised.

Money lending services

As at 30 June 2024, the Group had loans receivable with gross principal amount of approximately HK\$146.9 million (2023: approximately HK\$161.9 million) with related gross interest receivables of approximately HK\$82.2 million for the year ended 30 June 2024 (2023: approximately HK\$68.8 million).

The loan portfolio comprises loans to Independent Third Party (as defined below) borrowers with term ranging from eight months to twenty-four months and interest rate ranged from 8% to 20% (2023: 5.5% to 20%) per annum.

The money lending business recorded a segment loss of approximately HK\$1.0 million (2023: approximately HK\$8.6 million).

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 (“2nd ECL 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 to 100% (2023: 93.11% 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.

Business Model of the Money Lending Service

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

DeTai Finance grants loans to both corporate and individual borrowers in Hong Kong whom are person(s) or company(ies) and their respective ultimate beneficial owner(s) that are third parties independent of and not connected with the Group and its connected persons in accordance with the Rules (the “Listing Rules”) Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Independent Third Party(ies)”). DeTai Finance does not grant loans to the general consumer market. DeTai Finance has not solicited new clients nor granted new loans as the management of the Company, which were mainly in charge of the money lending business, has changed in the recent few years. As such, the current management and employees of the Group have been focused on examining the existing loan portfolio of the Group and in recovering the outstanding loans, instead of soliciting new clients or granting new loans.

The Group, when engaging in the money lending service, has built and maintained a diversified credit risk portfolio to avoid credit risk concentration. It is the policy of DeTai Finance that no loan should be made to one borrower or all related parties of the said borrower where such loan and all loans aggregated with all related parties would exceed 50% of the entire loan portfolio of the Group.

Loan Portfolio of the Money Lending Service

As set out above, the Group’s loan portfolio includes individual borrowers and corporate borrowers. The individual borrowers of the Group were merchants. Whilst the corporate borrowers of the Group include, but were not limited to, companies that as at the date of granting the loans were principally engaged in motor vehicle trading, the gaming and resort business, investment holding and provision of corporate supporting services, provision of financial guarantee services and relevant consultancy services, and/or were companies whose shares were listed on the Stock Exchange. Clients were mainly referred to the Group by the then management of Company.

As at 30 June 2024, the Group's loan portfolio consisted of four individual borrowers (2023: five individual borrowers) and three corporate borrowers and the total outstanding principal amount and interest receivables amounted to approximately HK\$229,055,000 (2023: HK\$230,689,000). The outstanding principal amount and interest receivables (before impairment) amounted to approximately HK\$74.8 million (2023: approximately HK\$70.2 million) and approximately HK\$205.4 million (2023: approximately HK\$195.8 million) for the top borrower and the top five borrowers respectively, which represented approximately 32.7% (2023: approximately 30.4%) and approximately 89.7% (2023: approximately 84.9%) of the total outstanding principal amounts and interest receivables, respectively. One individual borrower repaid the loan amount of HK\$1,400,000 during the year.

Amongst the seven loans in the Group's loan portfolio as at 30 June 2024, (i) one of the loans was secured by collaterals and a personal guarantee and had an interest rate of 10%; (ii) two of the loans were secured by a personal guarantee only and had interest rates of 8% and 20% respectively; and (iii) the remaining four loans were unsecured and had interest rates ranging from 10% to 16%. The interest rate of the relevant loans were determined based on the commercial interest of the Group as a whole, with reference to, amongst others, (i) the risk level of the loan (including but not limited to the availability of collaterals and/or personal guarantees); (ii) the principal amount of the loan; and (iii) the financial condition of the borrower.

As at 30 June 2024, all outstanding gross loan and interest receivables had been overdue for over one year.

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

Borrower	Outstanding principal amount and interest receivables as at 30 June 2024 HK\$	Interest rate (per annum)	Collateral/ security	Recovery status as at the date of this announcement
A	14,342,486	20%	Personal guarantee	The Group had commenced legal proceedings against borrower A in June 2021 and as at the date of this announcement, such proceedings are still ongoing pending the provision of outstanding original documents as requested by the High Court of Hong Kong.
B	9,306,904	16%	N/A	<p>The Group had commenced legal proceedings against borrower B in November 2019 and judgment has been entered into against borrower B for the outstanding principal amount and interest accrued thereon. However, no enforcement action or proceedings had been commenced as of yet as a judgment handed down by a Hong Kong court cannot be enforced in the PRC.</p> <p>As at the date of this announcement, the Group has engaged legal advisers as to PRC laws and has instructed them to commence legal proceedings against borrower B in the PRC.</p> <p>The preliminary documents have been sent to the court of PRC for reviewing.</p>
C	74,788,041	8%	Personal guarantee	On 15 April 2024, borrower C was ordered to be wound up by the High Court of Hong Kong and the Official Receiver by virtue of her office has become the Provisional Liquidator of it. The Board will engage legal advisers to take necessary legal actions (i.e. filing a proof of debts to the Official Receivers etc) to exercise its rights as a creditor of borrower C.
D	46,833,085	10%	Collaterals and a personal guarantee	<p>The Group had commenced legal proceedings against borrower D, amongst others, in January 2023.</p> <p>However, as at the date of this announcement, the Group had not received any acknowledgements of service of the writ of summons from borrower D nor the other defendants. The Group will continue to discuss with its legal advisers regarding an application for judgment against borrower D and the other defendants.</p>
E	14,503,108	10%	N/A	<p>The Group had commenced legal proceedings against borrower E in November 2020 and as at the date of this announcement, such proceedings are still ongoing pending the provision of outstanding original documents as requested by the High Court of Hong Kong.</p> <p>As at the date of this announcement, the Group has engaged the legal advisers as to PRC laws and has instructed them to commence legal proceedings against borrower E in the PRC.</p>

Borrower	Outstanding principal amount and interest receivables as at 30 June 2024 HK\$	Interest rate (per annum)	Collateral/ security	Recovery status as at the date of this announcement
F	16,078,997	10%	N/A	<p>The Group had commenced legal proceedings against borrower F in November 2020 and an application had been made for service out of the jurisdiction on borrower F. However, the Group was unable to successfully serve the writ of summons on borrower F to the address provided by borrower F.</p> <p>As at the date of this announcement, the Group has engaged the legal advisers as to PRC laws and has instructed them to commence legal proceedings against borrower F in the PRC.</p>
G	53,201,574	12%	N/A	<p>The Group had commenced legal proceedings against borrower G in November 2020 and an application had been made for service out of the jurisdiction on borrower G. However, the Group was unable to successfully serve the writ of summons on borrower G to the address provided by borrower G.</p> <p>As at the date of this announcement, the Group has engaged the legal advisers as to PRC laws and has instructed them to commence legal proceedings against borrower G in the PRC.</p>

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

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

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

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

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

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

Credit Assessment Procedures of the Money Lending Service

Before the granting of the loans, DeTai Finance would perform credit assessment procedures to ensure that the potential borrowers have good credit history, available assets and strong repayment capabilities. DeTai Finance will conduct the following credit assessment procedures:

- (i) obtain identity documents such as identity cards or passports from individuals and corporate documents from corporate borrowers;
- (ii) assess the financial condition of the potential borrower by valuing their financial assets; and
- (iii) perform internet and media searches on the potential borrower.

Recovery Procedures of the Group for Overdue Loans

When dealing with overdue loans, the accounting staff, one senior financing officer and the management level executive of DeTai Finance are responsible for following up on overdue sums owed by borrowers who have not made repayment accordingly. Once a loan has been granted by DeTai Finance, a designated officer of DeTai Finance will monitor the repayment of the principal amount of the loan and the interests accrued thereon in accordance with the terms of the loan agreement. In the circumstances where a borrower has defaulted on a loan and in line with the Group's loan collection/recovery procedures, DeTai Finance and the Group have promptly taken appropriate actions to recover the outstanding principal amounts and interests, which include but is not limited to:

- (i) negotiating repayment terms and methods with the borrowers;
- (ii) issuing payment reminders;
- (iii) issuing demand letters from the Group's legal advisers from time to time; and
- (iv) commencing legal proceedings.

Loan Impairments

As at 30 June 2024, the Group recorded reversal of impairment loss on loan receivables of HK\$0.2 million (2023: impairment loss of approximately HK\$8.7 million) and impairment losses allowances of approximately HK\$229.1 million (2023: approximately HK\$229.5 million), which represented approximately 156% (2023: approximately 142%) of the loans receivable and 100% (2023: approximately 99%) of the gross loan and interest receivables. Such impairment loss and impairment losses allowances were based on the valuation reports issued by the 1st ECL Valuer and the 2nd ECL Valuer and the works performed by the Group as set out herein. As concluded by the 1st ECL Valuer in their valuation report, the rate of ECL of the Group's loan and interest receivables as at 30 June 2024 ranged to 100% (2023: 93% to 100%) depending on the nature, probability of default and loss given default of the loans receivable.

Liquor and wine business

The revenue for the year ended 30 June 2024 of the liquor and wine business was approximately HK\$2.2 million (2023: approximately HK\$0.1 million) and a segment gain of approximately HK\$1.2 million was recorded for the year ended 30 June 2024 (2023: segment loss of approximately HK\$0.6 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

Listed Securities

For the year ended 30 June 2024, 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 2024

Name of listed securities	Stock code	Brief description of the business	Number of shares held	As at 30 June 2024		Market value HK\$'000	Approximately percentage to total assets value of the Group (Note b)
				Proportion of share held (Note a)	Investment cost HK\$'000		
CLP Holdings Limited	2	Generation and supply of electricity	218,000	0.009%	17,023	13,756	2.74%
Shenzhen International Holdings Limited	152	Toll roads and general-environmental protection business; and logistics business	648,000	0.027%	5,020	4,037	0.81%
Hong Kong Exchanges and Clearing Limited	388	Principally engaged in the business of provision of operates the only Stock Exchange in Hong Kong	88,000	0.007%	30,386	22,018	4.39%
Shenzhen Expressway Corporation Limited	548	Construction, operation, management, investment of toll highways and environmental protection in China	640,000	0.086%	5,037	4,659	0.93%
Techtronic Industries Company Limited	669	Power equipment business	10,000	0.001%	927	892	0.18%
Tencent Holdings Limited	700	VAS; online advertising; FinTech and business services	4,800	0.000%	1,653	1,788	0.36%
China Construction Bank Corporation	939	Provision of banking and related financial services	3,000,000	0.001%	16,946	17,310	3.45%
China Mobile Limited	941	Provision of telecommunications and information related services	330,000	0.002%	16,898	25,410	5.07%
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	1,696	0.34%

As at 30 June 2024

Name of listed securities	Stock code	Brief description of the business	Number of shares held	Proportion of share held	Investment cost HK\$'000	Market value HK\$'000	Approximately
							percentage to total assets value of the Group
				(Note a)			(Note b)
USPACE Technology Group Limited	1725	Electronics manufacturing services business and aerospace business	10,850,000	2.779%	56,529	11,320	2.26%
BOC Hong Kong (Holdings) Limited	2388	Provision of banking and related financial services	950,000	0.009%	25,291	22,847	4.56%
Tracker Fund of Hong Kong	2800	Funds management	238,000	0.003%	4,859	4,313	0.86%
Meituan	3690	Food delivery, in-store, hotel & travel and new initiatives	5,480	0.000%	782	609	0.12%
JD.com, Inc.	9618	Providing products and services to consumers, third-party merchants, suppliers and other business partner	6,500	0.000%	1,334	671	0.13%
					<u>185,202</u>	<u>131,326</u>	

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 2024 of the issuers publicly available on the website of the Stock Exchange.
- (b) The Group has the buy and hold strategies and diversify investment in different industries in the listed securities investments.

Significant gains/(losses) for the year ended 30 June 2024

Name of listed securities	Stock code	For the year ended 30 June 2024		
		Realised losses <i>HK\$'000</i>	Unrealised gains/ (losses) <i>HK\$'000</i>	Dividend received <i>HK\$'000</i>
CLP Holdings Limited	2	–	480	673
Shenzhen International Holdings Limited	152	–	(434)	258
Hong Kong Exchanges and Clearing Limited	388	–	(3,960)	737
Shenzhen Expressway Corporation Limited	548	–	384	386
Techtronic Industries Company Limited	669	–	41	19
Tencent Holdings Limited	700	–	196	16
China Construction Bank Corporation	939	–	2,100	1,261
China Mobile Limited	941	–	4,274	1,588
AIA Group Limited	1299	–	(835)	51
USPACE Technology Group Limited	1725	(1,176)	(42,191)	–
BOC Hong Kong (Holdings) Limited	2388	–	94	1,360
Tracker Fund of Hong Kong	2800	–	(269)	166
Meituan	3690	–	(61)	–
JD.com, Inc.	9618	–	(190)	19
		<u>(1,176)</u>	<u>(40,371)</u>	<u>6,534</u>

PROSPECTS

The global economic outlook faces the inflationary pressures and geopolitical uncertainty. The Group will continue to monitor the global economic, financial environment and their impact on our business, and prudently interpret and respond to the market. In view of the continuing depreciation of the exchange rate of Japanese Yen, it will attract more tourists travelling to Japan.

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 2024 (2023: Nil).

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 30 June 2024, the Group has in aggregate approximately HK\$116.4 million (2023: approximately HK\$124.3 million) in deposits in a financial institution, pledged bank balances, and bank balances and cash. The net current assets value was approximately HK\$226.6 million (2023: approximately HK\$275.7 million).

The Group's gearing ratio as at 30 June 2024 was approximately 0.06 (2023: approximately 0.09), being a ratio of total interest bearing debts, including borrowings of approximately HK\$24.3 million (2023: approximately HK\$46.2 million) to the total equity of approximately HK\$434.0 million (2023: approximately HK\$526.1 million).

USE OF PROCEEDS FROM RIGHTS ISSUE

The Company completed a rights issue on 13 June 2018, pursuant to which the Company 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 of which an aggregate of HK\$479 million has been utilised since the completion of the rights issue up to the financial year ended 30 June 2024. 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 2024 (the “Utilisation of Net Proceeds”) and the remaining balance of the net proceeds are set out below:

Intended use	Revised planned		Utilisation of Net Proceeds up to 30 June 2023 HK\$ million	Balance of the Net Proceeds unutilised as at 30 June 2023 HK\$ million	Utilisation of Net Proceeds during the Year HK\$ million	Remaining balance of the Net Proceeds unutilised as at 30 June 2024 HK\$ million
	Planned Use of Net Proceeds disclosed in the Announcements HK\$ million	Use of Net Proceeds disclosed in the Announcements HK\$ million				
Repayment of outstanding borrowings	193.9	193.9	149.3	44.6	8.6	36.0 ^(Note)
Contribution to the facility to be made available to a joint venture company formed with Zhongke International Capital Limited	196	-	-	-	-	-
Expansion of the Group’s money lending business	100	111.3	111.3	-	-	-
Future potential investments and/or general working capital	33.7	218.4	218.4	-	-	-
Total	<u>523.6</u>	<u>523.6</u>	<u>479.0</u>	<u>44.6</u>	<u>8.6</u>	<u>36.0</u>

Note:

It is expected that the remaining balance would be utilised on or before 30 December 2024. The remaining balance of the net proceeds of approximately HK\$36 million allocated for repayment of outstanding borrowings would be utilised for repayment of the remaining instalments of the outstanding bank loan with the last instalment of the outstanding bank loan to be repaid in December 2024.

The amount was equivalent to JPY0.5 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 2024, the Group pledged hotel land and building in Japan with an aggregated carrying value of approximately HK\$237.8 million (2023: approximately HK\$269.2 million), investment property in Hong Kong with an aggregate carrying value of approximately HK\$nil million (2023: approximately HK\$15.9 million), bank deposits of approximately HK\$0.6 million (2023: approximately HK\$0.7 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 2024.

INVESTMENT POSITION AND PLANNING

Financial Assets at Fair Value through Profit or Loss

As at 30 June 2024, the Group managed a portfolio of listed securities with fair value of approximately HK\$131.3 million. The global equity market is unstable throughout the year. Accordingly, the trading securities recorded a trading and revaluation loss of approximately HK\$41.5 million in current year.

EVENT AFTER REPORTING PERIOD

There was no significant events occurred after the reporting period.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no significant contingent liabilities (2023: Nil).

CAPITAL COMMITMENTS

As at 30 June 2024, the Group had no significant capital commitments (2023: 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 2024, the Group had approximately 37 (2023: 28) employees in Hong Kong, the PRC and Japan. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Other staff benefits include bonuses awarded on a discretionary basis, medical schemes 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 2024.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as at the date of this announcement.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company (the "2024 AGM") is scheduled to be held on Tuesday, 3 December 2024, at 11:00 a.m. For determining the entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Thursday, 28 November 2024 to Tuesday, 3 December 2024, 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 2024 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 Wednesday, 27 November 2024.

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 2024.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standards of corporate governance. The Board believes that effective corporate governance practices are fundamental to enhance the shareholders' value and safeguard the interests of the shareholders. Accordingly, the Company has adopted sound corporate governance principles that emphasize an effective internal control and accountability to all shareholders.

During the year ended 30 June 2024, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules except for the following deviations:

Code provision C.2.1

Code provision C.2.1 of Part 2 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. 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. In view of the above, the Company has failed to comply with Code provision C.2.1 of the CG Code. The Company has made endeavors however more time is required to identify suitable candidate to be the CEO in order to comply with the Code.

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 OF LISTED ISSUERS

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 C3 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 and senior management, the Board confirmed that they 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 currently comprises three independent non-executive Directors, Mr. Chiu Wai On (the chairman of the Audit Committee), Mr. Man Kwok Leung and Mr. To Chun Wai.

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.

During the year, the Audit Committee reviewed the interim and annual results with the external auditor and made recommendation to the Board on the re-appointment of the external auditor, reviewed the risk management and internal control systems and the effectiveness of the internal audit function of the Company in accordance with the Audit Committee’s written terms of reference. The Audit Committee also reviewed and approved the risk assessment in relation to the hotel business in Japan.

The Audit Committee held two meetings during the year ended 30 June 2024. The attendance record of each member of the Audit Committee is set out in the sub-section “Attendance Record of Directors and Committee Members” below.

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 2024 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
Wong Siu Keung Joe
Chairman and Executive Director

Hong Kong, 27 September 2024

As at the date of this announcement, the executive Director is Mr. Wong Siu Keung Joe; the non-executive Director is Ms. Chu Yin Yin Georgiana; and the independent non-executive Directors are Mr. Chiu Wai On, Mr. Man Kwok Leung and Mr. To Chun Wai.