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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 559)**

# 2020/2021 INTERIM RESULTS ANNOUNCEMENT

The board (the "Board") of directors (the "Directors") of DeTai New Energy Group Limited (the "Company") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2020 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 31 December 2020*

| | | For the six months ended 31 December | |
|---|---|---|---|
| | | **2020** | 2019 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| | | **(Unaudited)** | (Unaudited) |
| **Revenue** | *3* | | |
| Service income | | **10,013** | 15,615 |
| Interest income | | **2,381** | 8,599 |
| Trading income | | **762** | 3,893 |
| | | **13,156** | 28,107 |
| Cost of sales | | **(7,940)** | (11,774) |
| Gross profit | | **5,216** | 16,333 |
| Other income and gains or losses | *4* | **3,772** | 8,239 |
| Gain on disposal of subsidiaries | *5* | **–** | 8,512 |
| General and administrative expenses | | **(25,835)** | (35,328) |
| Selling and distribution expenses | | **(449)** | (1,051) |
| Finance costs | *6* | **(1,140)** | (901) |
| Share of loss of an associate | *13* | **(4,680)** | (208) |
| Impairment loss on loans receivable | *18* | **(3,320)** | (366) |
| **Loss before taxation** | *7* | **(26,436)** | (4,770) |
| Taxation | *8* | **533** | 519 |
| **Loss for the period** | | **(25,903)** | (4,251) |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*(Continued)*

*For the six months ended 31 December 2020*

| | Notes | For the six months ended 31 December 2020 HK$'000 (Unaudited) | 2019 HK$'000 (Unaudited) |
|---|---|---|---|
| **Other comprehensive income** | | | |
| *Items that may be subsequently reclassified to profit or loss* | | | |
| Exchange differences arising on translation of financial statements of foreign operations | | **19,378** | (3,020) |
| Release of exchange reserve upon disposal of subsidiaries | | **–** | (3,910) |
| **Other comprehensive income for the period** | | **19,378** | (6,930) |
| **Total comprehensive income for the period** | | **(6,525)** | (11,181) |
| **Loss for the period attributable to:** | | | |
| Owners of the Company | | **(24,444)** | (2,224) |
| Non-controlling interests | | **(1,459)** | (2,027) |
| | | **(25,903)** | (4,251) |
| **Total comprehensive income for the period attributable to:** | | | |
| Owners of the Company | | **(6,255)** | (9,399) |
| Non-controlling interests | | **(270)** | (1,782) |
| | | **(6,525)** | (11,181) |
| **Loss per share to owners of the Company** | *10* | | |
| — Basic | | **HK(0.16) cent** | HK(0.01) cent |
| — Diluted | | **HK(0.16) cent** | HK(0.01) cent |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*As at 31 December 2020*

| | Notes | **31 December 2020 HK$'000 (Unaudited)** | 30 June 2020 HK$'000 (Audited) |
|---|---|---|---|
| **ASSETS AND LIABILITIES** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | *11* | **428,043** | 409,886 |
| Investment properties | *12* | **19,400** | 19,400 |
| Interests in associates | *13* | **8,309** | 12,989 |
| Intangible assets | *14* | **–** | – |
| Goodwill | *15* | **–** | – |
| Loans receivable | *18* | **1,067** | 1,423 |
| Financial assets at fair value through profit or loss | *16* | **59,244** | 58,769 |
| Total non-current assets | | **516,063** | 502,467 |
| **Current assets** | | | |
| Inventories | | **51,157** | 46,668 |
| Trade receivables, other receivables, deposits and prepayments | *17* | **90,104** | 90,226 |
| Loans receivable | *18* | **50,790** | 52,414 |
| Financial assets at fair value through profit or loss | *16* | **7,500** | 10,000 |
| Pledged bank balances | *23* | **5,832** | 6,138 |
| Bank balances and cash | | **337,264** | 354,041 |
| Total current assets | | **542,647** | 559,487 |
| **Current liabilities** | | | |
| Trade payables, other advances and accruals | *19* | **15,914** | 14,248 |
| Contract liabilities | | **2,831** | 2,275 |
| Borrowings | *20* | **141,138** | 20,659 |
| Lease liabilities | | **1,654** | 2,708 |
| Amount due to non-controlling interests | *21* | **43,976** | 43,661 |
| Tax payable | | **2,618** | 2,618 |
| Total current liabilities | | **208,131** | 86,169 |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*(Continued)*
*As at 31 December 2020*

| | *Notes* | **31 December 2020** **HK$'000** **(Unaudited)** | 30 June 2020 *HK$'000* (Audited) |
|---|---|---|---|
| **Net current assets** | | **334,516** | 473,318 |
| **Total assets less current liabilities** | | **850,579** | 975,785 |
| **Non-current liabilities** | | | |
| Borrowing | *20* | **243** | 120,012 |
| Lease liabilities | | **522** | 1,418 |
| Deferred tax liabilities | | **64,593** | 62,609 |
| **Total non-current liabilities** | | **65,358** | 184,039 |
| **Net assets** | | **785,221** | 791,746 |
| **EQUITY** | | | |
| Share capital | *22* | **784,776** | 784,776 |
| Reserves | | **46,892** | 53,147 |
| **Equity attributable to owners of the Company** | | **831,668** | 837,923 |
| Non-controlling interests | | **(46,447)** | (46,177) |
| **Total equity** | | **785,221** | 791,746 |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 31 December 2020*

## 1. BASIS OF PREPARATION

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

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

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 30 June 2020. The accounting policies used in the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 30 June 2020, except for the adoption of the new or amended Hong Kong Financial Reporting Standards ("HKFRSs"), which include individual HKFRSs, HKAS and Interpretations ("Int"). The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

### 2.1 Adoption of new/revised HKFRSs

In the current period, the Group has applied for the first time the following new standards, amendments and interpretations ("the new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's condensed consolidated financial statements for the annual period beginning on 1 July 2020:

| | |
|---|---|
| Amendments to HKFRS 3 | Definition of a Business |
| Amendments to HKAS 1 and HKAS 8 | Definition of Material |
| Amendments to HKAS 39, HKFRS 7 and HKFRS 9 | Interest Rate Benchmark Reform |

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

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

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

| | |
|---|---|
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[4] |
| Amendments to HKAS 16 | Proceeds before Intended Use[2] |
| Amendments to HKAS 37 | Onerous Contracts — Cost of Fulfilling a Contract[2] |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework[3] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5] |
| Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 | Interest Rate Benchmark Reform — Phase 2[1] |
| Annual Improvements to HKFRSs 2018–2020 Cycle | Amendments to HKFRS 1, First time adoption of Hong Kong Financial Reporting Standards[2] |
| Annual Improvements to HKFRSs 2018–2020 Cycle | Amendments to HKFRS 9, Financial instruments[2] |
| Annual Improvements to HKFRSs 2018–2020 Cycle | Amendments to HKFRS 16, Leases[2] |

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.
4 Effective for annual periods beginning on or after 1 January 2023.
5 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

***Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause***

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of "settlement" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

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

***Amendments to HKAS 16 — Proceeds before Intended Use***

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

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

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

***Amendments to HKFRS 3 — Reference to the Conceptual Framework***

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

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

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

***Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 — Interest Rate Benchmark Reform — Phase 2***

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "Reform"). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

***Annual Improvements to HKFRSs 2018-2020 — Amendments to HKFRS 1, First time adoption of Hong Kong Financial Reporting Standards***

The amendment permits a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

***Annual Improvements to HKFRSs 2018-2020 — Amendments to HKFRS 9, Financial instruments***

The amendment clarifies the fees included in the "10 per cent" test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

***Annual Improvements to HKFRSs 2018-2020 — Amendments to HKFRS 16, Leases***

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

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

## 3. REVENUE AND SEGMENT INFORMATION

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

| | **For the six months ended 31 December** | |
|---|---|---|
| | **2020** | 2019 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Service income: | | |
| Hotel hospitality business | **10,013** | 15,615 |
| Interest income: | | |
| Money lending services | **2,381** | 8,599 |
| Trading income: | | |
| New energy business | **379** | 1,723 |
| Liquor and wine | **383** | 2,170 |
| | **13,156** | 28,107 |

*(a) Reportable segments*

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

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

(i) hotel hospitality business;

(ii) provision of money lending services;

(iii) new energy business;

(iv) trading and distribution of liquor and wine; and

(v) investments in funds.

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

*(b) Segment revenue and results*

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

***For the six months ended 31 December 2020***

| | **Hotel hospitality business** *HK$'000* **(Unaudited)** | **Money lending services** *HK$'000* **(Unaudited)** | **New energy business** *HK$'000* **(Unaudited)** | **Liquor and wine** *HK$'000* **(Unaudited)** | **Investments in funds** *HK$'000* **(Unaudited)** | **Total** *HK$'000* **(Unaudited)** |
|---|---|---|---|---|---|---|
| Segment revenue | **10,013** | **2,381** | **379** | **383** | **–** | **13,156** |
| Segment (loss)/profit | **(5,279)** | **(1,177)** | **(3,789)** | **(652)** | **344** | **(10,553)** |
| Unallocated corporate income and expenses, net | | | | | | **(10,063)** |
| Finance costs | | | | | | **(1,140)** |
| Share of loss of an associate | | | | | | **(4,680)** |
| Loss before taxation | | | | | | **(26,436)** |
| Other segment information: | | | | | | |
| Impairment loss on loans receivable | **–** | **(3,320)** | **–** | **–** | **–** | **(3,320)** |

*For the six months ended 31 December 2019*

| | Hotel hospitality business *HK$'000* (Unaudited) | Money lending services *HK$'000* (Unaudited) | New energy business *HK$'000* (Unaudited) | Liquor and wine *HK$'000* (Unaudited) | Investments in funds *HK$'000* (Unaudited) | Total *HK$'000* (Unaudited) |
|---|---|---|---|---|---|---|
| Segment revenue | 15,615 | 8,599 | 1,723 | 2,170 | – | 28,107 |
| Segment (loss)/profit | (3,587) | 7,640 | (5,760) | (724) | 6,693 | 4,262 |
| Unallocated corporate income and expenses, net | | | | | | (15,739) |
| Finance costs | | | | | | (901) |
| Gain on the disposal of subsidiaries | | | | | | 8,512 |
| Share of loss of an associate | | | | | | (208) |
| Share-based payment expenses | | | | | | (696) |
| Loss before taxation | | | | | | (4,770) |
| Other segment information: | | | | | | |
| Impairment loss on loans receivable | – | (366) | – | – | – | (366) |

(c) *Segment assets and liabilities*

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

| | **31 December 2020** ***HK$'000*** **(Unaudited)** | 30 June 2020 *HK$'000* (Audited) |
|---|---|---|
| **Segment assets** | | |
| Hotel hospitality business | **432,307** | 415,589 |
| Money lending services | **52,529** | 82,366 |
| New energy business | **3,358** | 2,898 |
| Liquor and wine | **74,260** | 68,736 |
| Investments in funds | **120,805** | 125,566 |
| Total segment assets | **683,259** | 695,155 |
| Interests in associates | **8,309** | 12,989 |
| Investment properties | **19,400** | 19,400 |
| Unallocated bank balances and cash | **328,232** | 312,174 |
| Unallocated corporate assets *(note)* | **19,510** | 22,236 |
| Consolidated total assets | **1,058,710** | 1,061,954 |
| **Segment liabilities** | | |
| Hotel hospitality business | **135,181** | 133,764 |
| Money lending services | **246** | 432 |
| New energy business | **54,389** | 53,246 |
| Liquor and wine | **2,444** | 2,352 |
| Investments in funds | **113** | 183 |
| Total segment liabilities | **192,373** | 189,977 |
| Tax payable | **2,618** | 2,618 |
| Deferred tax liabilities | **64,593** | 62,609 |
| Unallocated corporate liabilities *(note)* | **13,905** | 15,004 |
| Consolidated total liabilities | **273,489** | 270,208 |

*Note:* Unallocated corporate assets mainly comprised of consideration receivables and compensation from profit guarantee as at 31 December 2020 and 30 June 2020.

Unallocated corporate liabilities mainly comprised of other loan and accrued audit fee as at 31 December 2020 and 30 June 2020.

*(d) Geographical segments*

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

| | **Revenue from external customers For the six months ended 31 December** | | **Non-current assets** | |
|---|---|---|---|---|
| | **2020** | 2019 | **31 December 2020** | 30 June 2020 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Audited) |
| Hong Kong | **2,381** | 8,599 | **32,113** | 35,187 |
| PRC | **762** | 3,749 | **7** | 6 |
| Japan | **10,013** | 15,615 | **423,632** | 407,082 |
| Sweden | **–** | 144 | **–** | – |
| | **13,156** | 28,107 | **455,752** | 442,275 |

## 4. OTHER INCOME AND GAINS OR LOSSES

| | **For the six months ended 31 December** | |
|---|---|---|
| | **2020** | 2019 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Bank interest income | **1,131** | 13 |
| Additional compensation in relation to profit guarantee | **170** | 400 |
| Rental income | **255** | 85 |
| Government grants *(note)* | **600** | – |
| Interest income on amount due from non-controlling interests | **–** | 94 |
| Gain on disposal of property, plant and equipment | **–** | 2 |
| Change in fair value of financial assets at fair value through profit or loss *(note 16)* | **475** | 9,022 |
| Other sundry income | **1,141** | 684 |
| Net deficit on revaluation of investment properties | **–** | (2,061) |
| | **3,772** | 8,239 |

*Note:* Government grants represented the subsidies received from the local government in support of the business operation. There were no unfulfilled conditions or contingencies relating to these subsidies.

## 5. GAIN ON THE DISPOSAL OF SUBSIDIARIES

(a) On 25 November 2019, the Group as vendor entered into a share transfer agreement (the "Share Transfer Agreement") with an independent third party as purchaser. Pursuant to the Share Transfer Agreement, the vendor agreed to sell and the purchaser agreed to acquire the entire equity interest of 國溢商貿(四川)有限公司 (Guoyi Trading (Sichuan) Limited) at a consideration of RMB500. The gain on disposal amounted to HK$4,063,000 has been recognised for the six months ended 31 December 2019.

(b) On 25 April 2019, the Group as a vendor, entered into a provisional sale and purchase agreement with an independent third party, for the disposal of the entire issued share capital of Rich Shine Development Limited at the consideration of HK$82,820,000. The completion has been taken place on 13 August 2019. The gain on disposal amounted to HK$2,755,000 has been recognised for the six months ended 31 December 2019.

(c) On 7 September 2017, the Group entered into a sale and purchase agreement with an independent third party to dispose the entire equity interest of Miracle True Investment Limited ("Miracle True"), a wholly-owned subsidiary of the Company, at a consideration of HK$11,000,000. The completion has been taken place on 30 December 2019. The gain on disposal amounted to HK$1,694,000 has been recognised for the six months ended 31 December 2019.

## 6. FINANCE COSTS

| | For the six months ended 31 December | |
|---|---|---|
| | **2020** | 2019 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Interest on bank loans and overdrafts | **527** | 627 |
| Interest on other loan | **540** | 180 |
| Interest on lease liabilities | **73** | 94 |
| | **1,140** | 901 |

## 7. LOSS BEFORE TAXATION

| | For the six months ended 31 December | |
|---|---|---|
| | **2020** | 2019 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Loss before taxation is arrived at after charging: | | |
| Depreciation expenses in respect of: | | |
| Owned assets | **3,744** | 3,465 |
| Right-of-use assets | **672** | 670 |
| Share-based payments expenses | **–** | 696 |

## 8. TAXATION

| | For the six months ended 31 December | |
|---|---|---|
| | **2020** | 2019 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Current tax for the period — Japan | **10** | 10 |
| Deferred tax | **(543)** | (529) |
| Total income tax credit | **(533)** | (519) |

Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profit arising in Hong Kong for both the six months ended 31 December 2020 and 2019. No provision for Hong Kong profits tax has been made for the current and prior periods as the Group has no assessable profits arising in Hong Kong.

The subsidiaries established in the PRC are subject to enterprise income tax ("EIT") at tax rates of 25% for both the six months ended 31 December 2020 and 2019. 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.

Under the relevant Japan tax regulations, the profits of the business under tokumei kumiai arrangement which is distributed to a tokumei kumiai investor after deducting any accumulated losses in prior years is only subject to 20.42% withholding income tax in Japan. The withholding tax is final Japanese tax on such distributed tokumei kumiai profits and such profits are not subject to any other Japanese taxes. There is no withholding tax paid or payable for the six months ended 31 December 2020 and 2019 as there is no profit distribution.

The subsidiary established in Japan is subject to prefectural and municipal inhabitant taxes on a per capita basis in accordance with the relevant Japan tax regulations for the six months ended 31 December 2020 and 2019.

The subsidiary established in Sweden is subject to corporate income tax at tax rate of 21.4% for the six months ended 31 December 2020 and 2019. No provision for Sweden corporate income tax has been made for the current and prior periods as the Group has no assessable profits arising in Sweden.

## 9. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 31 December 2020 (six months ended 31 December 2019: Nil).

## 10. LOSS PER SHARE

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

The calculation of diluted loss per share amount is based on the loss for the period attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

| | For the six months ended 31 December | |
|---|---|---|
| | **2020** | 2019 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Loss attributable to owners of the Company for the purpose of basic and diluted loss per share | **(24,444)** | (2,224) |

| | Number of shares For the six months ended 31 December | |
|---|---|---|
| | **2020** | 2019 |
| | ***'000*** | *'000* |
| | **(Unaudited)** | (Unaudited) |
| Weighted average number of ordinary shares for the purpose of calculating basic loss per share | **15,695,532** | 15,695,532 |

Diluted loss per share amount for the six months ended 31 December 2020 and 2019 was not presented because the impact of the exercise of the share options and convertible preference shares was anti-dilutive. Potential ordinary shares are dilutive when and only when their conversion into ordinary shares would increase loss per share attributable to owners of the Company.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2020, the Group acquired items of property, plant and equipment with a cost of approximately HK$4,197,000 (six months ended 31 December 2019: HK$523,000). No disposal of property, plant and equipment incurred during the six months ended 31 December 2020 (six months ended 31 December 2019: net gain on disposal of property, plant and equipment of HK$2,000).

As at 31 December 2020, the Group had several leases for the use of 2 to 5 years with the right-of-use assets amounted to approximately HK$743,000 (30 June 2020: approximately HK$2,222,000).

As at 31 December 2020, the Group pledged hotel land and building with an aggregated carrying value of HK$423,632,000 to secure banking facilities of the Group (30 June 2020: HK$407,082,000) (note 20).

## 12. INVESTMENT PROPERTIES

| | **31 December 2020** | 30 June 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| At beginning of the period/year | **19,400** | – |
| Addition through acquisition of a subsidiary during the period | **–** | 18,941 |
| Direct costs attributable to the addition | **–** | 20 |
| Surplus on revaluation of investment properties | **–** | 439 |
| At end of the period/year | **19,400** | 19,400 |

In October 2019, the Group has completed the acquisition of investment properties through acquisition of a subsidiary at a consideration of HK$7,000,000. Investment properties are situated in Hong Kong.

The fair value of investment properties during the six months ended 31 December 2020 and 30 June 2020 has been assessed by an independent qualified valuer. No fair value change of investment properties was recognised in the condensed consolidated statement of comprehensive income for the six months ended 31 December 2020 (six months ended 31 December 2019: net deficit on revaluation of HK$361,000).

As at 31 December 2020, investment properties in Hong Kong with an aggregate carrying value of HK$19,400,000 (30 June 2020: HK$19,400,000) have been pledged as the security of other loan (note 20).

## 13. INTERESTS IN ASSOCIATES

| | **31 December 2020** <br> ***HK$'000*** <br> **(Unaudited)** | 30 June 2020 <br> *HK$'000* <br> (Audited) |
|---|---|---|
| At beginning of the period/year | **12,989** | – |
| Subscription of the shares of an associate | **–** | 15,600 |
| Share of loss for the period/year | **(4,680)** | (2,611) |
| At end of the period/year | **8,309** | 12,989 |

Details of the Group's associates are as follows:

| **Name of companies** | **Particulars of issued capital** | **Place of incorporation** | **Percentage of interest held** | **Principal activities** |
|---|---|---|---|---|
| Zhongke International Finance Limited | HK$10,000 | Hong Kong | 49% | Dormant |
| Ming Fong Group Limited | HK$10,000 | Hong Kong | 31.2% | Manufacturing and selling of ink and packaging materials and trading of water-based ink business |

## 14. INTANGIBLE ASSETS

As at 31 December 2020, the intangible assets consisting production formula, non-competition agreement and sales backlog agreements which acquired through the acquisition of Emission Particle Solution Sweden AB ("EPS"). There is no addition of intangible assets for the six months ended 31 December 2020 (six months ended 31 December 2019: Nil).

For the impairment testing, the intangible assets are allocated to cash generating unit ("CGU") of new energy business (the "New Energy Business CGU") and its recoverable amount is based on its value in use and determined with the assistance of Royson Valuation Advisory Limited, an independent qualified valuer, who has among its staff members of Hong Kong Institute of Surveyor. The calculation used cash flow projections based on latest financial budgets approved by the management covering a period of 5 years and at a pre-tax discount rate of 26% (30 June 2020: 26%). The cash flow projections beyond the 5 years periods are extrapolated using a growth rate at 3% (30 June 2020: 3%). Cash flow projections during the budget period are based on the expected gross margins during the budget period. Budgeted gross margins and growth rate have been determined based on past performance and the Group management's expectations for the market development and future performance of the New Energy Business CGU. The discount rate is determined based on the cost of capital adjusted by the specific risk associated with the New Energy Business CGU. The recoverable amount of the New Energy Business CGU is considered as nil at 31 December 2020 (30 June 2020: Nil).

## 15. GOODWILL

| | HK$'000 |
|---|---|
| **COST:** | |
| At 1 July 2019 (Audited) | 110,385 |
| Exchange realignment | (689) |
| At 30 June 2020 and 1 July 2020 (Audited) | 109,696 |
| Exchange realignment | 4,439 |
| At 31 December 2020 (Unaudited) | **114,135** |
| **ACCUMULATED IMPAIRMENT LOSSES:** | |
| At 1 July 2019 (Audited) | 53,235 |
| Impairment loss during the year | 56,984 |
| Exchange realignment | (523) |
| At 30 June 2020 and 1 July 2020 (Audited) | 109,696 |
| Exchange realignment | 4,439 |
| At 31 December 2020 (Unaudited) | **114,135** |
| **NET CARRYING AMOUNT:** | |
| At 31 December 2020 (Unaudited) | **–** |
| At 30 June 2020 (Audited) | – |

## 16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | **31 December 2020** *HK$'000* **(Unaudited)** | 30 June 2020 *HK$'000* (Audited) |
|---|---|---|
| Compensation from profit guarantee *(note (a))* | **7,500** | 10,000 |
| Unlisted private funds *(note (b))* | **59,244** | 58,769 |
| | **66,744** | 68,769 |
| Less: Non-current portion | **(59,244)** | (58,769) |
| Current portion | **7,500** | 10,000 |

*Notes:*

(a) On 29 May 2015, the Company issued 700,000,000 consideration shares as the consideration for the acquisition of 85% issued share capital of Delta Prestige Holdings Limited and its subsidiaries (the "Delta Prestige Group").

Pursuant to the acquisition agreement, the vendor has irrevocably warranted and guaranteed to the Company that the after-tax audited consolidated net profit of the Delta Prestige Group in accordance with Hong Kong generally accepted accounting principles for the year ended 30 June 2016 shall not be less than HK$100,000,000 (the "Profit Target"). In case the Delta Prestige Group cannot achieve the Profit Target, the vendor will compensate to the Company in cash. The compensation is calculated in accordance with the following formula:

The compensation = Profit Target – Audited net profit

If the Delta Prestige Group records an audited net loss for the year ended 30 June 2016, the audited net profit will be deemed as zero for the purpose of calculation of the compensation.

With reference to the operating result of the electric cycle CGU for the year ended 30 June 2016, the electric cycles business is not likely to meet the Profit Target. The fair value of compensation from profit guarantee is determined by Directors with reference to the actual financial result of the Delta Prestige Group for the year ended 30 June 2016.

On 26 September 2016, the vendor and the Company entered into a settlement deed regarding the settlement of the compensation from profit guarantee of HK$100,000,000 and the additional amount of compensation of HK$850,000. On 28 September 2018, the Company and the vendor entered into a supplemental settlement deed to further extend the settlement on the remaining amount of the compensation and additional amount of compensation to 31 March 2019 and entitle the one-off additional compensation of HK$500,000. On 27 September 2019, the Company and the vendor entered into a second supplemental settlement deed to further extend the settlement on the remaining amount of the compensation and additional amount of compensation to 30 September 2020 and entitle the one-off additional compensation of HK$400,000. On 16 September 2020, the Company and the vendor entered into a third supplemental settlement deed to further extend the settlement on the remaining amount of the compensation and additional amount of compensation to 30 September 2021 and entitle the one-off additional compensation of HK$170,000.

For the six months ended 31 December 2020, no fair value change of compensation from profit guarantee (six months ended 31 December 2019: Nil) was recognised in the condensed consolidated statement of comprehensive income.

The fair value of compensation from profit guarantee is a Level 3 recurring fair value measurement.

(b) The fair value gain of unlisted private funds during the six months period ended 31 December 2020 was HK$475,000 (six months ended 31 December 2019: HK$9,022,000), which has been dealt with in the condensed consolidated statement of comprehensive income for the six months ended 31 December 2020.

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

## 17. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in the Group's trade receivables, other receivables, deposits and prepayments were trade receivables of HK$2,384,000 (30 June 2020: HK$419,000). The Group allows an average credit period of 0 to 90 days to its trade receivables.

| | **31 December 2020** | 30 June 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Trade receivables | **4,447** | 2,477 |
| Less: Provision for impairment loss | **(2,063)** | (2,058) |
| Trade receivables, net | **2,384** | 419 |

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

| | **31 December 2020** | 30 June 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Within 30 days | **1,820** | 319 |
| 31–60 days | **78** | 11 |
| 61–90 days | **45** | 10 |
| Over 90 days | **441** | 79 |
| | **2,384** | 419 |

## 18. LOANS RECEIVABLE

| | **31 December 2020** | 30 June 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Gross loans and interest receivables | **231,695** | 222,238 |
| Less: Provision for impairment loss | **(179,838)** | (168,401) |
| Carrying amount as at the end of period/year | **51,857** | 53,837 |
| Less: Non-current portion | **(1,067)** | (1,423) |
| Current portion | **50,790** | 52,414 |

As at 31 December 2020, loans receivable with gross principal amount of HK$201,151,000 (30 June 2020: HK$201,808,000) in aggregate and related gross interest receivables of HK$30,544,000 (30 June 2020: HK$20,430,000) due from ten (30 June 2020: ten) independent third parties. These ten loans interest-bearing at rates ranging from 5.5% to 20% (30 June 2020: 5.5% to 20%) per annum. Except for the balances as at 31 December 2020 of HK$1,067,000 (30 June 2020: HK$1,423,000), all the loans were repayable within twelve months from the end of the reporting period and therefore were classified as current assets as at 30 June 2020 and 31 December 2020. Impairment loss of HK$3,320,000 (six months ended 31 December 2019: HK$366,000) has been recognised in the condensed consolidated statement of comprehensive income for the six months ended 31 December 2020.

As at 31 December 2020, the Group hold collateral over loans receivable with gross principal amount of HK$85,155,000 (30 June 2020: HK$85,243,000).

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

| | **31 December 2020** *HK$'000* **(Unaudited)** | 30 June 2020 *HK$'000* (Audited) |
|---|---|---|
| At beginning of the period/year | **168,401** | 141,361 |
| Expected credit loss for the period/year | **3,320** | 18,734 |
| Adjustment on interest receivables arising from impaired loans | **8,117** | 8,306 |
| At end of the period/year | **179,838** | 168,401 |

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

| | **Stage 1** *HK$'000* | **Stage 2** *HK$'000* | **Stage 3** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|---|
| Balance at 1 July 2019 (Audited) | **19,332** | **103,012** | **111,366** | **233,710** |
| Financing originated | **813** | **3,709** | **16,685** | **21,207** |
| Repayment | **–** | **(1,904)** | **(30,775)** | **(32,679)** |
| Transfer | **(20,145)** | **(86,300)** | **106,445** | **–** |
| Balance at 30 June 2020 and 1 July 2020 (Audited) | **–** | **18,517** | **203,721** | **222,238** |
| Financing originated | **–** | **518** | **9,980** | **10,498** |
| Repayment | **–** | **(672)** | **(369)** | **(1,041)** |
| Balance at 31 December 2020 (Unaudited) | **–** | **18,363** | **213,332** | **231,695** |

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

| | **Stage 1** *HK$'000* | **Stage 2** *HK$'000* | **Stage 3** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|---|
| Balance at 1 July 2019 (Audited) | **1,066** | **72,070** | **68,225** | **141,361** |
| Expected credit loss for the year | **–** | **1,211** | **17,523** | **18,734** |
| Adjustment on interest receivables arising from impaired loans | **–** | **–** | **8,306** | **8,306** |
| Transfer | **(1,066)** | **(71,006)** | **72,072** | **–** |
| Balance at 30 June 2020 and 1 July 2020 (Audited) | **–** | **2,275** | **166,126** | **168,401** |
| Expected credit loss for the period | **–** | **406** | **2,914** | **3,320** |
| Adjustment on interest receivables arising from impaired loans | **–** | **–** | **8,117** | **8,117** |
| Balance at 31 December 2020 (Unaudited) | **–** | **2,681** | **177,157** | **179,838** |

## 19. TRADE PAYABLES, OTHER ADVANCES AND ACCRUALS

Included in the Group's trade payables, other advances and accruals were trade payables of HK$3,331,000 (30 June 2020: HK$1,462,000).

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

| | **31 December 2020** *HK$'000* **(Unaudited)** | 30 June 2020 *HK$'000* (Audited) |
|---|---|---|
| Within 30 days | **2,058** | 728 |
| 31–60 days | **407** | 62 |
| 61–90 days | **11** | 564 |
| Over 90 days | **855** | 108 |
| | **3,331** | 1,462 |

## 20. BORROWINGS

| | **31 December 2020** *HK$'000* **(Unaudited)** | 30 June 2020 *HK$'000* (Audited) |
|---|---|---|
| Bank loan, secured | **129,381** | 128,671 |
| Other loan, secured | **12,000** | 12,000 |
| Carrying amount as at the end of period/year | **141,381** | 140,671 |
| Less: Current portion | **(141,138)** | (20,659) |
| Non-current portion | **243** | 120,012 |

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

| | **31 December 2020** *HK$'000* **(Unaudited)** | 30 June 2020 *HK$'000* (Audited) |
|---|---|---|
| Within one year | **141,138** | 20,659 |
| More than one year, but not exceeding two years | **–** | 119,785 |
| More than two years, but not more than five years | **243** | 227 |
| | **141,381** | 140,671 |

Bank loans were secured by; (i) land and building with the carrying amount of HK$423,632,000 (30 June 2020: HK$407,082,000) (note 11); (ii) the bank balances of HK$5,832,000 (30 June 2020: HK$6,138,000); and (iii) the entire equity interest of certain subsidiaries.

The abovementioned bank borrowings are charged at floating rates of 0.75% per annum (30 June 2020: 0.75% per annum).

Other loan was secured by a legal charge over investment properties with the carrying amount of HK$19,400,000 (30 June 2020: HK$19,400,000) (note 12). Other loan is charged at 9% per annum.

## 21. AMOUNT DUE TO NON-CONTROLLING INTERESTS

The amount due was unsecured, interest-free and repayable on demand.

## 22. SHARE CAPITAL

| | **Number of shares** | **Amount** |
|---|---|---|
| | *'000* | *HK$'000* |
| Ordinary shares of HK$0.05 each at 30 June 2020 and 31 December 2020 | | |
| Authorised: | | |
| As at 30 June 2020 and 31 December 2020 | 30,000,000 | 1,500,000 |
| Issued and fully paid: | | |
| As at 30 June 2020 and 31 December 2020 | 15,695,532 | 784,776 |

## 23. PLEDGE OF ASSETS

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

| | **31 December 2020** | 30 June 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Property, plant and equipment | **423,632** | 407,082 |
| Investment properties | **19,400** | 19,400 |
| Bank balances | **5,832** | 6,138 |
| | **448,864** | 432,620 |

## 24. TRANSACTION WITH NON-CONTROLLING INTERESTS

On 4 April 2018, the Group entered into a sale and purchase agreement ("SPA") with the purchaser and Mr. Zhu Yongjun (the "Guarantor"), in which the purchaser is an entity wholly-owned by the Guarantor. The Guarantor is a director of Perfect Essential Holdings Limited ("PEH"), a subsidiary of the Company. Pursuant to the SPA, the Group agreed to dispose of 49% equity interest of PEH and its subsidiaries ("EPS Group") at a consideration of HK$382 and the shareholder's loans (the "Shareholder's Loan") at a consideration of HK$64,484,000. The Group's effective interest in EPS Group was changed from 100% to 51% upon the completion of the disposal of the 49% equity interests in EPS Group in July 2018. The Group recognised an increase in the deficit of non-controlling interests of HK$62,026,000 and an increase in equity attributable to owners of the Company of HK$62,026,000 during the six months ended 31 December 2018.

Pursuant to the SPA, the considerations should be settled by the purchaser in five instalments on or before the agreed time frame. Up to 30 June 2019, the considerations of the sales shares of HK$382 and the sales loans of HK$35,861,000 had been received by the Company. As at 30 June 2019, remaining considerations of the sales loans with gross principal amount of HK$28,623,000 and gross interest receivables of HK$746,000 had been passed due. Share charge on 22% equity interest of the EPS Group had been created by the purchaser as the security for the payment of remaining considerations.

On 15 July 2019, the Group, the purchaser and the Guarantor entered into a deed of settlement (the "Deed of Settlement") to set out the terms and conditions for the settlement of the payment obligations and liabilities of the purchaser. As at the date of the Deed of Settlement, the EPS Group is owned as to 51% by the Group and 49% by the purchaser. However, the purchaser has only paid the consideration for 27.25% of the Shareholder's Loan. As part of the settlement, the purchaser shall transfer 21.75% of issued share capital of the EPS Group to the Group so that the remaining shareholding of the purchaser in the EPS Group is in proportion to its 27.25% interest in the Shareholder's Loan.

On 21 November 2019, the condition precedent for the Deed of Settlement has been fulfilled and the completion took place on 21 November 2019. Immediately after the settlement completion, the Company holds 72.75% equity interest in EPS Group and the EPS Group continues to be a non-wholly-owned subsidiary of the Company. The Group recognised a decrease in the deficit of non-controlling interests of HK$33,379,000 and a decrease in equity attributable to owners of the Company of HK$33,379,000 for the year ended 30 June 2020.

Details of the transactions with non-controlling interests are set out in the Company's announcements dated 4 April 2018, 26 April 2018, 11 May 2018, 8 June 2018, 18 July 2018, 18 October 2018, 31 October 2018, 16 January 2019, 27 February 2019, 17 April 2019, 15 July 2019, 5 August 2019, 16 August 2019, 19 August 2019, 2 September 2019, 16 September 2019 and 21 November 2019; and the Company's circular dated 25 June 2018 and 25 October 2019.

## 25. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these unaudited condensed consolidated financial statements, the Group had no other material transactions with related parties for both the six months ended 31 December 2020 and 2019.

**Compensation of key management**

The key management of the Group comprises all directors of the Company. The short-term benefits were HK$1,778,000 for the six months ended 31 December 2020 (six months ended 31 December 2019: HK$1,933,000).

## 26. EVENTS AFTER REPORTING PERIOD

On 5 February 2021, the Company as vendor and an individual third party as purchaser (the "Purchaser") entered into the sale and purchase agreement (the "EPS SPA"), pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase 7,275 shares of PEH (together with its subsidiaries, the ''PEH Group''), representing 72.75% of the issued share capital of the PEH, and all obligations, liabilities and debts owing or incurred by the PEH to the Company on or at any time prior to the completion (the "Disposal"), subject to the terms and conditions of the EPS SPA at a total consideration of HK$5.8 million. The PEH Group is mainly engaged in the development, manufacturing and distribution of a biodegradable fuel additive product. The completion of the Disposal took place on 10 February 2021. Upon the completion, the Company ceased to have any interest in the operation of the new energy business.

Details of the Disposal are set out in the Company's announcement dated 10 February 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL RESULTS AND BUSINESS REVIEW

During the period under review, the Group was engaged in five business segments, (i) hotel hospitality business; (ii) provision of money lending services; (iii) new energy business; (iv) trading and distribution of liquor and wine; and (v) investments in funds. For the six months ended 31 December 2020, the Group recorded a revenue of approximately HK$13.2 million (six months ended 31 December 2019: approximately HK$28.1 million). Loss for the period attributable to owners of the Company was approximately HK$24.4 million (six months ended 31 December 2019: approximately HK$2.2 million). The increase in net loss for the period was mainly due to (i) the increase in the impairment loss on loans receivable; (ii) the absence of gain on disposal of subsidiaries; and (iii) the decrease in gross profit due to the reduction in interest income resulted from impairment loss on loans receivable. Basic loss per share was approximately 0.16 HK cent (six months ended 31 December 2019: approximately 0.01 HK cent).

### Hotel Hospitality Business

The revenue for the six months ended 31 December 2020 of the hotel hospitality business was approximately HK$10.0 million (six months ended 31 December 2019: approximately HK$15.6 million) and a segment loss of approximately HK$5.3 million was recorded for the six months ended 31 December 2020 (six months ended 31 December 2019: approximately HK$3.6 million). The decrease in revenue was mainly due to the prevalence of the Novel Coronavirus (the "COVID-19") pandemic. The Japanese Government adopted the border enforcement measures, including in particular, the denial of permission to entry for foreign nationals and the quarantine measures. As a result, there was a drastic decrease in the number of visitors to Japan in the period under review.

Hotel hospitality business is one of the core businesses of the Group which contributed approximately 76% of the Group's revenue for the six months ended 31 December 2020. 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.

The outbreak of the COVID-19 in 2020 was a big challenge towards the hotel hospitality business. Given the travelling stimulation plans, such as Dominwari and GoTo Travel Campaign which subsidize travel expenses for the local citizen to travel around Japan, imposed by the Japanese Government to support the local hotel hospitality business, the major customers of the hotel hospitality business were shifted to local visitors from foreigners during the period under review.

Furthermore, the Group has imposed several cost-saving and visitors attraction measures, such as temporarily suspension of the operations of the restaurants from May to July 2020, providing free-cancellation booking services and complimentary airport shuttle services to attract more visitors.

**Money Lending Services**

As at 31 December 2020, the Group had loans receivable with gross principal amount of approximately HK$201.2 million (30 June 2020: approximately HK$201.8 million). The Group recorded interest income from loans receivable of approximately HK$2.4 million for the six months ended 31 December 2020 (six months ended 31 December 2019: approximately HK$8.6 million).

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

The money lending business recorded a segment loss of approximately HK$1.2 million for the six months ended 31 December 2020 (six months ended 31 December 2019: segment profit of approximately HK$7.6 million). The segment loss was mainly resulted from an increase in impairment loss on loans receivable.

As at 31 December 2020, 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 and same as last period, the management had further engaged another independent qualified valuer to conduct an independent review of the valuation report issued by the 1st ECL Valuer on the valuation methodology, the underlying assumptions, the parameters and inputs used in the valuation for accounting purpose. In assessing the ECL of the Group's loans receivable, a credit rating analysis of the underlying debtors was adopted by reviewing the historical accounting information to estimate the default risk. The Group applied different expected loss rates to different classes of receivables according to their respective risk characteristics. In determining the default risk, factors including but not limited to, the ageing analysis of the receivables, the Group's internal assessment of the debtors' credit worthiness, historical and forecast occurrence of event of default, existence and valuation of the collaterals, the relevant regulatory framework and government policies in Hong Kong and global economic outlook in general and the specific economic condition of Hong Kong and the PRC, would be considered. The rate of ECL ranged from 13% 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.

**New Energy Business**

During the period under review, EPS was the Group's operating subsidiary for the new energy business. EPS is principally engaged in the development, manufacturing and distribution of a fuel additive product, namely EuroAd which can reduce fuel consumption and environmental impact. EuroAd is a totally biodegradable fuel additive that acts as a catalyst to achieve fuel efficiency and cost savings.

The revenue of the new energy business for the six months ended 31 December 2020 was approximately HK$0.4 million (six months ended 31 December 2019: approximately HK$1.7 million) and a segment loss of approximately HK$3.8 million was recorded for the six months ended 31 December 2020 (six months ended 31 December 2019: approximately HK$5.8 million). The decrease in segment loss was mainly attributable to the decrease in operating expenses.

In the course of preparing the financial statements, the management had duly engaged an independent qualified valuer (the "1st Valuer") to determine the recoverable amount of the cash generating unit as at 31 December 2020 of the new energy business. For the sake of prudence and same as last period, the Company engaged another independent qualified valuer to conduct an independent review of the valuation report issued by the 1st Valuer on the valuation methodology, assessment of the discount rate and any other key variables used in the valuation and the internal consistency of the valuation model used by the 1st Valuer for accounting reference purpose.

In assessing the recoverable amount of the cash generating unit of the new energy business as at 31 December 2020, value-in-use calculation has been adopted that the estimated future cash flows were 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 new energy business. The calculation used in cash flow projections was based on latest financial budgets covering a period of 5 years with a growth rate of revenue in a range of 4%-48% and gross profit ratio of approximately 21%. The 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 demand on EuroAd. Due to the availability of the COVID-19 vaccine in 2021, it is expected that the business environment be improved and more business opportunities be existed, the demand for the EuroAd will be increased resulted in an increase in revenue by approximately 48% as compared to that in 2020. The revenue in the subsequent years will be growth stably at a growth rate of approximately of 4%-10%. The pre-tax discount rate of 26% was determined with reference to the market conditions, such as company specific risk premium and cost of debt of the new energy business. The cash flow projections beyond the 5-year period are extrapolated using a perpetual growth rate of 3%. The management of new energy business reviewed the assumptions taking into account of (i) the general economic environment; (ii) industry dynamics; (iii) past performance; and (iv) on-going business development of the new energy business in preparing the cash flow projections.

On 5 February 2021, the Company as vendor and the Purchaser entered into the EPS SPA, pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase 7,275 shares of PEH, representing 72.75% of the issued share capital of the PEH, and all obligations, liabilities and debts owing or incurred by the PEH to the Company on or at any time prior to the completion, subject to the terms and conditions of the EPS SPA at a total consideration of HK$5.8 million. The completion of the Disposal took place on 10 February 2021. Upon the completion, the Company ceased to have any interest in the operation of the new energy business.

**Liquor and Wine Business**

The revenue for the six months ended 31 December 2020 of the liquor and wine business was approximately HK$0.4 million (six months ended 31 December 2019: approximately HK$2.2 million) and a segment loss of approximately HK$0.7 million was recorded for the six months ended 31 December 2020 (six months ended 31 December 2019: approximately HK$0.7 million). The Group had aggressively sold the inventories during the period under review.

**Funds Investments**

As at 31 December 2020, the Group had invested into a fund with a value of approximately HK$59.2 million (30 June 2020: approximately HK$58.8 million).

*(1) TAR High Value Fund SP (the "TAR Fund")*

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

The net asset value of the TAR Fund as at 31 December 2020 was approximately HK$59.2 million, represented approximately 5.6% to the Group's total assets. The TAR Fund had an average return of approximately 1.86% and 5.57% for the years ended 31 December 2020 and 2019 respectively.

*(2) TAP Growth Fund SP (the "TAP Fund")*

TAP Fund is a segregated portfolio created by TAP Global Fund SPC ("TAP SPC") which is registered as a "segregated portfolio company" with the Registrar of Companies of the Cayman Islands and is principally engaged in the investment and fund related services. TAP SPC has appointed TAP Investment Management (Cayman) Limited ("TAP Investment Management") as its investment manager. TAP Investment Management is an exempted company incorporated in the Cayman Islands with limited liability. The directors of TAP Investment Management have extensive experience in management, financial markets and investments. The purpose of TAP Fund is to carry on the business of investing, holding, monitoring and realising private debt investments with the objective of seeking fixed income returns with a reasonable degree of security. The investment can be secured or unsecured and in form of loans and/or debt instruments including but not limited to convertible or exchangeable bonds, notes and debentures.

The TAP Fund was redeemed on 24 January 2020 and distribution will be made no later than 90 days following receipt of the proceeds of the realisation of the TAP Fund. In view of the prevalence of the COVID-19 caused a global economic slowdown, the Group and TAP SPC mutually agreed to further extend the settlement of disposition proceeds to 31 March 2021.

## PROSPECTS

The worldwide prevalence of the COVID-19 pandemic has affected every sector across the globe, and the hotel hospitality business is among the hardest hit. The number of visitors to Japan declined dramatically due to the denial of permission to entry for foreigners and the quarantine measures imposed by the Japanese Government.

Despite the COVID-19 pandemic, the Group is still optimistic about the prospects of the hotel hospitality business in Japan with reference to: (i) the policy adopted by the Japanese Government in promoting the tourism in Japan with an aim to attract approximately 60 million international visitors to Japan in 2030; (ii) the Tokyo Olympics which has been re-scheduled to take place in the summer of 2021 that the number of international visitors would be increased; (iii) Niseko (where the Resort Towers is located) as a premium skiing and sightseeing destination; and (iv) the passing of the integrated resort law in Japan in 2018 and the fact that the availability of integrated casino resorts in Japan in future will attract more tourists travelling to Japan.

Although the businesses of the Group had been disrupted by the COVID-19 pandemic, the impact of the pandemic should be temporary. Given that the availability of COVID-19 vaccine, the Directors are confident in the future prospects of the businesses of the Group, especially the hotel hospitality business.

In view of the unsatisfactory performance and net liability position of the new energy business, the Directors decided to dispose of the Group's entire interest in it and reallocate resources to focus on other core business segments of the Group. The disposal took place on 10 February 2021. In the meanwhile, the Group will grasp investment opportunities to diversify the Group's business and, at the same time, strive to control the costs to maintain stable return to the shareholders of the Company.

## INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 31 December 2020 (six months ended 31 December 2019: Nil).

## FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 31 December 2020, the Group recorded cash and bank balances amounting to approximately HK$343.1 million (30 June 2020: approximately HK$360.2 million) and the net current assets value was approximately HK$334.5 million (30 June 2020: approximately HK$473.3 million).

The Group's gearing ratio as at 31 December 2020 was approximately 0.18 (30 June 2020: approximately 0.18), being a ratio of total interest bearing debts, including borrowings of approximately HK$141.4 million (30 June 2020: approximately HK$140.7 million) to the total equity of approximately HK$785.2 million (30 June 2020: approximately HK$791.7 million).

## USE OF PROCEEDS FROM RIGHTS ISSUE

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

As set out in the announcements of the Company dated 10 August 2018 and 17 January 2019, the Board resolved to change in use of the net proceeds from the rights issue. The proposed allocation of the net proceeds as stated in the prospectus of the Company dated 21 May 2018 (the "Planned Use of Net Proceeds"), the revised allocation of the net proceeds (the "Revised Use of Net Proceeds"), the utilisation of net proceeds as at 31 December 2020 (the "Utilisation of Net Proceeds") and the remaining balance of the net proceeds are set out below:

| **Intended use** | **Planned Use of Net Proceeds** *HK$ million* | **Revised Use of Net Proceeds** *HK$ million* | **Utilisation of Net Proceeds** *HK$ million* | **Remaining balance** *HK$ million* |
|---|---|---|---|---|
| Repayment of outstanding borrowings | **193.9** | **193.9** | **69.9** | **124.0** *(note 1)* |
| Contribution to the facility to be made available to a joint venture company formed with Zhongke International Capital Limited | **196.0** | **–** | **–** | **–** |
| Expansion of the Group's money lending business | **100.0** | **111.3** | **111.3** | **–** |
| Future potential investments and/or general working capital | **33.7** | **218.4** | **197.6** | **20.8** *(note 2)* |
| Total | **523.6** | **523.6** | **378.8** | **144.8** |

*Notes:*

1. It is expected that the remaining balance would be utilised on or before 30 December 2021. The Company has been discussing with the bank in Japan for early repayment of the bank loan since the completion of the rights issue and in the hope of reaching a consensus with the bank before making the early repayment of the bank loan in order to maintain a good relationship with the bank. If a consensus on early repayment of the bank loan can be reached with the bank, the remaining balance of the net proceeds allocated for repayment of outstanding borrowings would be utilised for early repayment of the outstanding bank loan. If a consensus on early repayment of the bank loan cannot be reached with the bank, the remaining balance of the net proceeds allocated for repayment of outstanding borrowings would be utilised for repayment of the remaining instalments of the outstanding bank loan with the last instalment of the outstanding bank loan to be repaid in December 2021.

   The amount was equivalent to JPY1.72 billion with reference to an exchange rate of JPY1: HK$0.072, being the exchange rate used in the prospectus of the Company in relation to the rights issue.

2. It is expected that the remaining balance would be utilised on or before 30 June 2021.

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

## PLEDGE OF ASSETS

As at 31 December 2020, the Group pledged hotel land and building in Japan with an aggregated carrying value of approximately HK$423.6 million (30 June 2020: approximately HK$407.1 million), investment properties in Hong Kong with an aggregate carrying value of HK$19.4 million (30 June 2020: HK$19.4 million), bank deposit of approximately HK$5.8 million (30 June 2020: approximately HK$6.1 million) and the entire equity interest of certain subsidiaries to secure banking facilities of the Group.

## CAPITAL STRUCTURE

During the six months ended 31 December 2020, 432,469,320 share options lapsed.

Save as disclosed above, the Company had no other changes in capital structure during the six months ended 31 December 2020.

## INVESTMENT POSITION AND PLANNING

### Financial Assets at Fair Value through Profit or Loss

As at 31 December 2020, the Group had invested in one (30 June 2020: one) unlisted private fund with aggregated carrying amount of approximately HK$59.2 million (30 June 2020: approximately HK$58.8 million). The purpose of the fund portfolio is to carry on the business of investing, holding, monitoring and realising the equity investments and/or debt instruments from the financial services, natural resources and/or property investment sectors. The value of fund portfolio was based on fair value.

**Settlement Deed and Supplemental Settlement Deeds in relation to the Profit Guarantee Compensation**

With reference to the Company's announcements dated 26 April 2015 and 29 May 2015 in relation to the acquisition of the electric cycles business, Mr. Lee Man Bun ("Mr. Lee") as the vendor irrevocably warranted and guaranteed to the Company that the after-tax audited consolidated net profit of the electric cycles business for the year ended 30 June 2016 shall not be less than HK$100,000,000 (the "Guaranteed Net Profit").

In the event that the electric cycles business cannot achieve the Guaranteed Net Profit, Mr. Lee has irrevocably undertaken to the Company to pay to the Company in cash within 10 business days from the date of receipt of the certificate from the auditors of the Company an amount equal to the shortfall (the "Profit Guarantee Compensation").

In view of the loss recorded for the year ended 30 June 2016 of the electric cycles business, Mr. Lee had been requested to settle the Profit Guarantee Compensation of HK$100,000,000. After arm's length negotiations, on 26 September 2016, Mr. Lee and the Company entered into a settlement deed regarding the settlement of the Profit Guarantee Compensation of HK$100,000,000 and the additional amount of compensation of HK$850,000, in which HK$70,700,000 was settled by Mr. Lee on 27 September 2016 and 21 September 2017.

Pursuant to the supplemental settlement deed entered into between Mr. Lee and the Company on 28 September 2018, Mr. Lee shall pay HK$30,650,000 (being the sum of the outstanding settlement payment of HK$30,150,000 and the additional amount of compensation of HK$500,000) to the Company in the following manner: (a) HK$10,000,000 shall be paid to the Company on the date of the supplemental settlement deed; and (b) HK$20,650,000 shall be paid to the Company on or before 31 March 2019. The amount of HK$10,000,000 was received by the Company pursuant to the terms of the supplemental settlement deed. The amount of HK$20,650,000 was still outstanding as at 30 June 2019.

Pursuant to the second supplemental settlement deed entered into between Mr. Lee and the Company on 27 September 2019, Mr. Lee shall pay HK$21,050,000 (being the sum of the outstanding settlement payment of HK$20,650,000 and the additional amount of compensation of HK$400,000) to the Company in the following manner: (a) HK$10,000,000 shall be paid to the Company on the date of the second supplemental settlement deed; and (b) HK$11,050,000 shall be paid to the Company on or before 30 September 2020. The Company received HK$10,000,000 from Mr. Lee on 27 September 2019.

Pursuant to the third supplemental settlement deed entered into between Mr. Lee and the Company on 16 September 2020, Mr. Lee shall pay HK$11,220,000 (being the sum of the outstanding settlement payment of HK$11,050,000 and the additional amount of compensation of HK$170,000) to the Company in the following manner: (a) HK$2,500,000 shall be paid to the Company on the date of the third supplemental settlement deed; and (b) HK$8,720,000 shall be paid to the Company on or before 30 September 2021. The Company received HK$2,500,000 from Mr. Lee on 16 September 2020.

Details of the settlement deed and supplemental settlement deeds are set out in the Company's announcements dated 26 September 2016, 28 September 2018, 27 September 2019 and 16 September 2020.

**Disposal of a Land in the PRC**

On 7 September 2017, Advanced System Group Limited, wholly-owned subsidiary of the Company, as vendor entered into a sale and purchase agreement (the "PRC Land Disposal Agreement") with an independent third party as purchaser. Pursuant to the PRC Land Disposal Agreement, the purchaser agreed to acquire and the vendor agreed to sell the entire issued share capital of Miracle True and its subsidiary in the PRC, which holds a land in Huizhou City, Guangdong Province, the PRC, and the shareholder's loan in cash at a consideration of HK$11,000,000, in which HK$550,000 had been received on 7 September 2017 and the remaining balance of HK$10,450,000 would be payable by the purchaser within six months from the date of the PRC Land Disposal Agreement. On 7 February 2018, 31 January 2019 and 31 July 2019, the vendor and the purchaser confirmed their mutual agreement to extend the long stop date to 31 January 2019, 31 July 2019 and 31 December 2019 respectively or such other date as the vendor and the purchaser may agree in writing. On 30 April 2019, the purchaser further paid to the vendor HK$450,000.

On 16 December 2019, the vendor and the purchaser entered into a supplemental agreement, pursuant to which HK$3,000,000 was paid by the purchaser to the vendor on or before 31 December 2019 and the remaining balance of HK$7,000,000 shall be payable by the purchaser to the vendor within twelve months from the completion date.

On 15 January 2021, the vendor and the purchaser entered into a 2nd supplemental agreement, pursuant to which HK$500,000 was paid by the purchaser to the vendor upon the signing of the 2nd supplemental agreement and the remaining balance of HK$6,500,000 shall be payable by the purchaser to the vendor on or before 30 June 2021.

A share charge was given by the purchaser in favour of the vendor pursuant to which the purchaser created a first fixed charge over the entire issued shares of Miracle True. The disposal was completed on 30 December 2019.

The disposal was classified as a non-disclosable transaction under Chapter 14 of the Listing Rules.

## CONTINGENT LIABILITIES

As at 31 December 2020, the Group had no significant contingent liabilities (30 June 2020: Nil).

## CAPITAL COMMITMENTS

As at 31 December 2020, the Group had no significant capital commitments (30 June 2020: Nil).

## FOREIGN EXCHANGE EXPOSURE

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

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group had 84 (30 June 2020: 77) employees in Hong Kong, the PRC, Japan, Canada and Sweden. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance and individual qualifications and performance. Other staff benefits include bonuses awarded on a discretionary basis, medical schemes, mandatory provident fund scheme for Hong Kong employees, and state-sponsored retirement plans for the PRC employees and share option scheme.

## CONNECTED TRANSACTIONS

Save as disclosed, the Company did not have any connected transactions which were subject to the reporting requirements under Chapter 14A of the Listing Rules for the six months ended 31 December 2020.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 31 December 2020.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2020, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules except for the following deviations:

### Code Provision A.2.1

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

### Code provision A.4.1

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

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

## NON-COMPLIANCE WITH RULES 3.10(1) AND 3.21 OF THE LISTING RULES

Following the resignation of Dr. Wong Yun Kuen ("Dr. Wong") as an independent non-executive Director and ceased to be a member of each of the audit committee of the Company (the "Audit Committee"), the remuneration committee of the Company and the nomination committee of the Company on 23 December 2020, the Company has (i) two independent non-executive Directors, which is below the minimum of three independent non-executive Directors requirement under Rule 3.10(1) of the Listing Rules; and (ii) two Audit Committee members, which is below the minimum of three members requirement under Rule 3.21 of the Listing Rules.

As at the date of this announcement, the Company is still in the course of identifying a suitable candidate to fill the vacancy of an independent non-executive Director and a member of the Audit Committee. The Company will make its best endeavour to identify a suitable candidate within 3 months from the date of the resignation of Dr. Wong to meet the requirements under the Listing Rules. The Company will make further announcement regarding the appointment of independent non-executive Director and member of the Audit Committee as and when appropriate.

## REVIEW OF INTERIM RESULTS

The Audit Committee currently comprises Mr. Chiu Wai On and Mr. Man Kwok Leung, both of whom are independent non-executive Directors. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 31 December 2020.

## PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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

By order of the Board
**DeTai New Energy Group Limited**
**Wong Hin Shek**
*Chairman and Executive Director*

Hong Kong, 26 February 2021

*As at the date of this announcement, the executive Directors are Mr. Wong Hin Shek, Mr. Chan Wai Ki and Mr. Eric Todd; and the independent non-executive Directors are Mr. Chiu Wai On and Mr. Man Kwok Leung.*