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## 2022/2023 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 2022 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 31 December 2022*

		<b>For the six months ended</b>	
		<b>31 December</b>	
	<i>Notes</i>	<b>2022</b>	2021
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)
<b>Revenue</b>	<b>3</b>		
Service income		<b>11,910</b>	8,256
Interest income		<b>227</b>	1,629
Trading income		<b>–</b>	18,951
Dividend income		<b>2,867</b>	339
		<b>15,004</b>	29,175
Cost of sales		<b>(6,822)</b>	(51,843)
Gross profit/(loss)		<b>8,182</b>	(22,668)
Other income and gains or losses	<b>4</b>	<b>1,103</b>	1,534
General and administrative expenses		<b>(9,752)</b>	(19,321)
Selling and distribution expenses		<b>(158)</b>	(477)
Finance costs	<b>5</b>	<b>(717)</b>	(1,033)
Share of loss of an associate	<b>12</b>	<b>(144)</b>	(268)
Impairment loss on loans receivable	<b>15</b>	<b>(1,555)</b>	(3,364)
(Impairment loss)/reversal of impairment loss on other receivables and deposits		<b>(3,975)</b>	3,663
Changes in financial assets at fair value through profit or loss	<b>13</b>	<b>(41,017)</b>	(30,410)
Deficit on revaluation of investment properties		<b>–</b>	(200)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

For the six months ended 31 December 2022

	Notes	For the six months ended 31 December	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Loss before taxation</b>	6	(48,033)	(72,544)
Income tax credit	7	288	198
<b>Loss for the period attributable to owners of the Company</b>		(47,745)	(72,346)
<b>Other comprehensive income</b>			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences arising on translation of foreign operations		7,403	(9,717)
<b>Other comprehensive income for the period</b>		7,403	(9,717)
<b>Total comprehensive income for the period attributable to owners of the Company</b>		(40,342)	(82,063)
<b>Loss per share attributable to owners of the Company:</b>			
— Basic	9	<b>HK(0.30)cent</b>	HK(0.46) cent
— Diluted		<b>HK(0.30)cent</b>	HK(0.46) cent

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2022*

		31 December 2022 <i>HK\$'000</i> (Unaudited)	30 June 2022 <i>HK\$'000</i> (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>309,507</b>	299,001
Investment properties	<i>11</i>	<b>19,000</b>	19,000
Interests in associates	<i>12</i>	<b>3,091</b>	3,235
		<b>331,598</b>	321,236
<b>Total non-current assets</b>			
<b>Current assets</b>			
Inventories		<b>4,121</b>	4,172
Trade receivables, other receivables, deposits and prepayments	<i>14</i>	<b>85,426</b>	14,621
Loans receivable	<i>15</i>	<b>8,305</b>	10,305
Financial assets at fair value through profit or loss	<i>13</i>	<b>125,586</b>	281,051
Deposits in a financial institution		<b>59,681</b>	20,599
Pledged bank balances	<i>19</i>	<b>710</b>	690
Bank balances and cash		<b>61,152</b>	66,174
		<b>344,981</b>	397,612
<b>Total current assets</b>			
<b>Current liabilities</b>			
Trade payables, other payables and accruals	<i>16</i>	<b>5,299</b>	6,232
Contract liabilities		<b>3,260</b>	2,651
Borrowings	<i>17</i>	<b>52,208</b>	54,550
Lease liabilities		<b>175</b>	348
Tax payable		<b>2,545</b>	2,545
		<b>63,487</b>	66,326
<b>Total current liabilities</b>			
Net current assets		<b>281,494</b>	331,286
<b>Total assets less current liabilities</b>		<b>613,092</b>	652,522

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 31 December 2022

		<b>31 December 2022</b>	30 June 2022
	<i>Notes</i>	<i>HK\$'000</i> <b>(Unaudited)</b>	<i>HK\$'000</i> <b>(Audited)</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		<u>43,861</u>	<u>42,949</u>
Total non-current liabilities		<u>43,861</u>	<u>42,949</u>
<b>Net assets</b>		<u><u>569,231</u></u>	<u><u>609,573</u></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	18	784,776	784,776
Reserves		<u>(215,545)</u>	<u>(175,203)</u>
<b>Total Equity</b>		<u><u>569,231</u></u>	<u><u>609,573</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 31 December 2022*

## 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 2022. 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 2022, 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 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRS Standards	Annual Improvements to HKFRSs 2018–2020

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 HKFRS 10 and HKAS 28 HK Interpretation 5 (2020)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup> Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2 Amendments to HKAS 8 Amendments to HKAS 12	Disclosure of Accounting policies <sup>1</sup> Definition of Accounting Estimates <sup>1</sup> Deferred tax related to assets and liabilities arising from a single transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> The amendments should be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

## 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, interest income from loans receivable and dividend income on listed securities during the period.

	For the six months ended	
	31 December	2021
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Service income:		
Hotel hospitality business	11,910	8,256
Interest income:		
Money lending services	227	1,629
Trading income:		
Liquor and wine	–	18,951
Dividend income:		
Investments in listed securities	2,867	339
	<u>15,004</u>	<u>29,175</u>

(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 four reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies as follows:

- (i) hotel hospitality business;
- (ii) provision of money lending services;
- (iii) trading and distribution of liquor and wine; and
- (iv) investments in listed securities and funds.

There were no inter-segment transactions between different operating segments for the 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 2022***

	Hotel hospitality business <i>HK\$'000</i> (Unaudited)	Money lending services <i>HK\$'000</i> (Unaudited)	Liquor and wine <i>HK\$'000</i> (Unaudited)	Investments in listed securities and funds <i>HK\$'000</i> (Unaudited)	Unallocated <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue	<u>11,910</u>	<u>227</u>	<u>-</u>	<u>2,867</u>	<u>-</u>	<u>15,004</u>
Segment profit/(loss)	<u>392</u>	<u>(1,508)</u>	<u>(179)</u>	<u>(45,931)</u>	<u>-</u>	<u>(47,226)</u>
Unallocated corporate income and expenses, net						54
Finance costs						(717)
Share of loss of an associate						<u>(144)</u>
Loss before taxation						<u><u>(48,033)</u></u>
Other segment information:						
Impairment loss on loans receivable	-	(1,555)	-	-	-	(1,555)
Impairment loss on other receivables and deposits	-	-	-	(3,975)	-	(3,975)
Change in financial assets at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,017)</u>	<u>-</u>	<u>(41,017)</u>

***For the six months ended 31 December 2021***

	Hotel hospitality business <i>HK\$'000</i> (Unaudited)	Money lending services <i>HK\$'000</i> (Unaudited)	Liquor and wine <i>HK\$'000</i> (Unaudited)	Investments in listed securities and funds <i>HK\$'000</i> (Unaudited)	Unallocated <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue	<u>8,256</u>	<u>1,629</u>	<u>18,951</u>	<u>339</u>	<u>-</u>	<u>29,175</u>
Segment loss	<u>(3,235)</u>	<u>(2,039)</u>	<u>(28,224)</u>	<u>(27,630)</u>	<u>-</u>	<u>(61,128)</u>
Unallocated corporate income and expenses, net						(9,915)
Finance costs						(1,033)
Share of loss of an associate						(268)
Net deficit on revaluation of investment properties						<u>(200)</u>
Loss before taxation						<u><u>(72,544)</u></u>
Other segment information:						
Impairment loss on loans receivable	-	(3,364)	-	-	-	(3,364)
Reversal of impairment loss on other receivables and deposits	-	-	-	-	3,663	3,663
Change in financial assets at fair value through profit or loss	-	-	-	(30,410)	-	(30,410)
Deficit on revaluation of investment properties	-	-	-	-	(200)	(200)
Written down of inventories	<u>-</u>	<u>-</u>	<u>(5,450)</u>	<u>-</u>	<u>-</u>	<u>(5,450)</u>



(c) *Segment assets and liabilities*

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

	<b>31 December</b>	30 June
	<b>2022</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
<b>Segment assets</b>		
Hotel hospitality business	<b>316,551</b>	303,063
Money lending services	<b>9,123</b>	11,337
Liquor and wine	<b>20,330</b>	19,032
Investments in listed securities and funds	<b>201,236</b>	283,002
	<hr/>	<hr/>
Total segment assets	<b>547,240</b>	616,434
Interests in associates	<b>3,091</b>	3,235
Investment properties	<b>19,000</b>	19,000
Deposits in a financial institution	<b>59,681</b>	20,599
Unallocated bank balances and cash	<b>46,037</b>	55,847
Unallocated corporate assets	<b>1,530</b>	3,733
	<hr/>	<hr/>
Consolidated total assets	<b>676,579</b>	718,848
	<hr/> <hr/>	<hr/> <hr/>
<b>Segment liabilities</b>		
Hotel hospitality business	<b>44,775</b>	45,379
Money lending services	<b>112</b>	149
Liquor and wine	<b>2,404</b>	2,489
Investments in listed securities and funds	<b>–</b>	8
	<hr/>	<hr/>
Total segment liabilities	<b>47,291</b>	48,025
Tax payable	<b>2,545</b>	2,545
Deferred tax liabilities	<b>43,861</b>	42,949
Unallocated corporate liabilities ( <i>note</i> )	<b>13,651</b>	15,756
	<hr/>	<hr/>
Consolidated total liabilities	<b>107,348</b>	109,275
	<hr/> <hr/>	<hr/> <hr/>

*Note:* Unallocated corporate liabilities mainly comprised of other loan and accrued audit fee as at 31 December 2022 and 30 June 2022.

(d) *Geographical segments*

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

	Revenue from external customers		Non-current assets	
	For the six months ended			
	31 December		31 December	30 June
	2022	2021	2022	2022
	HK\$'000	HK\$'000	HK\$'000	
	(Unaudited)	(Unaudited)	(Audited)	
Hong Kong	3,094	1,968	22,091	22,235
PRC	–	18,951	–	–
Japan	11,910	8,256	309,507	299,001
	<u>15,004</u>	<u>29,175</u>	<u>331,598</u>	<u>321,236</u>

4. OTHER INCOME AND GAINS OR LOSSES

	For the six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	423	191
Rental income	255	255
Government grants ( <i>note</i> )	32	–
Loss on disposal of property, plant and equipment	–	(268)
Other sundry income	173	705
Gain on deregistration of subsidiaries	–	550
Reversal of impairment loss of property, plant and equipment	220	–
Derecognition of lease liabilities	–	101
	<u>1,103</u>	<u>1,534</u>

*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. FINANCE COSTS

	For the six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans	166	473
Interest on other loan	544	540
Interest on lease liabilities	7	20
	<u>717</u>	<u>1,033</u>

## 6. LOSS BEFORE TAXATION

	For the six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss before taxation is arrived at after charging:		
Depreciation expenses in respect of:		
Owned assets	623	743
Right-of-use assets	163	163
	<u>163</u>	<u>163</u>

## 7. INCOME TAX CREDIT

	For the six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax for the period — Japan	8	9
— PRC	(5)	211
Deferred tax	<u>(291)</u>	<u>(418)</u>
Total income tax credit	<u>(288)</u>	<u>(198)</u>

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 2022 and 2021. No provision for Hong Kong profits tax has been made for the current and prior periods as the Group has no assessable profits arising in Hong Kong.

The subsidiaries established in the PRC are subject to enterprise income tax (“EIT”) at tax rates of 25% for both the six months ended 31 December 2022 and 2021. No provision for PRC EIT has been made for the current period and the prior period as the Group has no assessable profits arising in the PRC.

The Group is also subject to the PRC withholding tax at the rate of 10% (2021: Nil) in respect of dividend income derived from the PRC incorporated companies.

Under the relevant Japan tax regulations, the profits of the business under tokumei kumiai arrangement which is distributed to a tokumei kumiai investor after deducting any accumulated losses in prior years is only subject to 20.42% withholding income tax in Japan. The withholding tax is final Japanese tax on such distributed tokumei kumiai profits and such profits are not subject to any other Japanese taxes. There is no withholding tax paid or payable for the six months ended 31 December 2022 and 2021 as there is no profit distribution.

The subsidiary established in Japan is subject to prefectural and municipal inhabitant taxes on a per capita basis in accordance with the relevant Japan tax regulations for the six months ended 31 December 2022 and 2021.

## **8. DIVIDEND**

The Directors do not recommend the payment of any interim dividend for the six months ended 31 December 2022 (six months ended 31 December 2021: Nil).

## **9. LOSS PER SHARE**

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

	<b>For the six months ended 31 December</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	<u><b>(47,745)</b></u>	<u>(72,346)</u>

	<b>Number of shares For the six months ended 31 December</b>	
	<b>2022</b>	2021
	<b>'000</b>	'000
	<b>(Unaudited)</b>	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u><b>15,695,532</b></u>	<u>15,695,532</u>

Diluted loss per share amount for the six months ended 31 December 2021 was not presented because the impact of exercise of the share option and convertible preference shares was anti-dilutive. Diluted loss per share amount for the six months ended 31 December 2022 was not presented because the convertible preference shares was anti-dilutive. Potential ordinary shares are dilutive when and only when their conversion into ordinary shares would increase loss per share attributable to owners of the Company.

## **10. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 31 December 2022, the Group acquired items of property, plant and equipment with a cost of approximately HK\$356,000 (six months ended 31 December 2021: HK\$688,000). No disposal of property, plant and equipment incurred during the six months ended 31 December 2022 (31 December 2021: disposal of property, plant and equipment of approximately HK\$506,000).

As at 31 December 2022, the Group had one lease for the use of 2 years with the right-of-use assets amounted to approximately HK\$175,000 (30 June 2022: HK\$348,000).

As at 31 December 2022, the Group pledged hotel land and building with an aggregated carrying value of HK\$309,507,000 to secure banking facilities of the Group (30 June 2022: HK\$299,001,000) (note 19).

## 11. INVESTMENT PROPERTIES

	<b>31 December 2022</b>	30 June 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
At beginning of the period/year	<b>19,000</b>	19,600
Deficit on revaluation of investment properties	<u>–</u>	<u>(600)</u>
At end of the period/year	<b><u>19,000</u></b>	<b><u>19,000</u></b>

The fair value of investment properties during the six months ended 31 December 2022 and 30 June 2022 has been assessed by an independent qualified valuer. No fair value change has been recognised in the condensed consolidated statement of comprehensive income for the six months ended 31 December 2022 (31 December 2021: deficit on revaluation of HK\$200,000).

As at 31 December 2022, investment properties in Hong Kong with an aggregate carrying value of HK\$19,000,000 (30 June 2022: HK\$19,000,000) have been pledged as the security of other loan (note 19).

## 12. INTERESTS IN ASSOCIATES

	<b>31 December 2022</b>	30 June 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
At beginning of the period/year	<b>3,235</b>	3,487
Share of loss for the period/year	<u>(144)</u>	<u>(252)</u>
At end of the period/year	<b><u>3,091</u></b>	<b><u>3,235</u></b>

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
Ming Fong Group Limited	HK\$10,000	Hong Kong	31.2%	Investment holding

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

	<b>31 December 2022 HK\$'000 (Unaudited)</b>	30 June 2022 HK\$'000 (Audited)
Unlisted private fund ( <i>note (a)</i> )	–	75,791
Listed securities in Hong Kong at market value ( <i>note (b)</i> )	<u>125,586</u>	<u>205,260</u>
	<u><b>125,586</b></u>	<u><b>281,051</b></u>

*Notes:*

- (a) For the six months period ended 31 December 2022, the fair value gain of unlisted private fund was HK\$3,710,000 (six months ended 31 December 2021: HK\$12,326,000), which has been dealt with in the condensed consolidated statement of comprehensive income for the six months ended 31 December 2022. The unlisted private fund has expired on 30 December 2022 and re-classified to other receivables (*note 14*).

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

- (b) For the six months ended 31 December 2022, the fair value loss of listed securities was HK\$44,727,000 (six months ended 31 December 2021: HK\$42,736,000), which has been dealt with in the condensed consolidated statement of comprehensive income for the six months ended 31 December 2022.

None of the listed securities are pledged as at 31 December 2022 and 30 June 2022.

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

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

Included in the Group's trade receivables, other receivables, deposits and prepayments were trade receivables of HK\$5,051,000 (30 June 2022: HK\$7,497,000). The Group allows an average credit period of 0 to 90 days to its trade receivables.

	<b>31 December 2022 HK\$'000 (Unaudited)</b>	30 June 2022 HK\$'000 (Audited)
Trade receivables	5,172	7,623
Less: Provision for impairment losses	<u>(121)</u>	<u>(126)</u>
Trade receivables, net ( <i>note a</i> )	<u>5,051</u>	<u>7,497</u>
Other receivables ( <i>note b</i> )	79,574	6,297
Deposits and prepayments	<u>801</u>	<u>827</u>
	<u>85,426</u>	<u>14,621</u>

*Note:*

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

	<b>31 December 2022 HK\$'000 (Unaudited)</b>	30 June 2022 HK\$'000 (Audited)
Within 30 days	4,958	845
31–60 days	80	79
Over 90 days	<u>13</u>	<u>6,573</u>
	<u>5,051</u>	<u>7,497</u>



The movements in the expected credit loss for trade receivables for the period ended 31 December 2022 and the year ended 30 June 2022 are as follows:

	<b>31 December 2022 HK\$'000 (Unaudited)</b>	30 June 2022 HK\$'000 (Audited)
As the beginning of the period/year	126	1,296
Reversal of impairment loss	–	(1,173)
Exchange realignment	<u>(5)</u>	<u>3</u>
As the end of the period/year	<u><u>121</u></u>	<u><u>126</u></u>

- (b) Other receivables mainly represented redemption of investment fund of HK\$75,526,000 as at 31 December 2022. The investment fund has expired on 30 December 2022 and under the process of settlement.

## 15. LOANS RECEIVABLE

	<b>31 December 2022 HK\$'000 (Unaudited)</b>	30 June 2022 HK\$'000 (Audited)
Gross loans and interest receivables	222,321	214,338
Less: Provision for impairment losses	<u>(214,016)</u>	<u>(204,033)</u>
Carrying amount as at the end of period/year	8,305	10,305
Less: Non-current portion	<u>–</u>	<u>–</u>
Current portion	<u><u>8,305</u></u>	<u><u>10,305</u></u>

As at 31 December 2022, loans receivable with gross principal amount of HK\$162,023,000 (30 June 2022: HK\$162,677,000) in aggregate and related gross interest receivables of HK\$60,298,000 (30 June 2022: HK\$51,661,000) due from nine (30 June 2022: nine) independent third parties. These nine loans interest-bearing at rates ranging from 5.5% to 20% (30 June 2022: 5.5% to 20%) per annum. 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 2022 and 31 December 2022. Impairment loss of HK\$1,555,000 (six months ended 31 December 2021: HK\$3,364,000) has been recognised in the condensed consolidated statement of comprehensive income for the six months ended 31 December 2022.

As at 31 December 2022, the Group hold collateral over loans receivable with gross principal amount of HK\$59,299,000 (30 June 2022: HK\$57,171,000).

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

	<b>31 December 2022 HK\$'000 (Unaudited)</b>	30 June 2022 HK\$'000 (Audited)
At beginning of the period/year	<b>204,033</b>	175,747
Provision of impairment loss for the period/year	<b>1,555</b>	12,933
Adjustment on interest receivables arising from the impaired loans	<b>8,428</b>	15,353
	<hr/>	<hr/>
At end of the period/year	<b>214,016</b>	204,033
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>Stage 1 HK\$'000</b>	<b>Stage 2 HK\$'000</b>	<b>Stage 3 HK\$'000</b>	<b>Total HK\$'000</b>
Balance at 1 July 2021 (Audited)	–	18,200	223,438	241,638
Financing originated	–	973	16,852	17,825
Repayment	–	(1,344)	(43,781)	(45,125)
Transfer	–	(17,045)	17,045	–
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2022 and 1 July 2022 (Audited)	–	784	213,554	214,338
Financing originated	–	18	8,637	8,655
Repayment	–	(672)	–	(672)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2022 (Unaudited)	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	<b>Stage 1 HK\$'000</b>	<b>Stage 2 HK\$'000</b>	<b>Stage 3 HK\$'000</b>	<b>Total HK\$'000</b>
Balance at 1 July 2021 (Audited)	–	2,801	172,946	175,747
Expected credit loss for the year	–	4,721	8,212	12,933
Adjustment on interest receivables	–	–	15,353	15,353
Transfer	–	(7,439)	7,439	–
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2022 and 1 July 2022 (Audited)	–	83	203,950	204,033
(Reversal of expected credit loss)/ expected credit loss for the period	–	(80)	1,635	1,555
Adjustment on interest receivables	–	–	8,428	8,428
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2022 (Unaudited)	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 16. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in the Group's trade payables, other payables and accruals were trade payables of HK\$2,665,000 (30 June 2022: HK\$1,727,000).

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

	<b>31 December</b> <b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>	30 June 2022 <i>HK\$'000</i> (Audited)
Within 30 days	2,471	1,604
31–60 days	186	61
61–90 days	–	31
Over 90 days	8	31
	<u>2,665</u>	<u>1,727</u>

## 17. BORROWINGS

	<b>31 December</b> <b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>	30 June 2022 <i>HK\$'000</i> (Audited)
Bank loans, secured	40,208	42,550
Other loan, secured	12,000	12,000
	<u>52,208</u>	<u>54,550</u>
Carrying amount as at the end of period/year	<u>52,208</u>	<u>54,550</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:

	<b>31 December</b> <b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>	30 June 2022 <i>HK\$'000</i> (Audited)
Within one year or on demand	<u>52,208</u>	<u>54,550</u>

Bank loans were secured by; (i) land and building with the carrying amount of HK\$309,507,000 (30 June 2022: HK\$299,001,000) (note 10); (ii) the bank balances of HK\$710,000 (30 June 2022: HK\$690,000); and (iii) the entire equity interest of certain subsidiary.

The abovementioned bank borrowings are charged at floating rates of 0.82% per annum (30 June 2022: 0.75% per annum).

Other loan was secured by a legal charge over investment properties with the carrying amount of HK\$19,000,000 (30 June 2022: HK\$19,000,000) (note 11). Other loan is charged at 9% per annum.

## 18. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.05 each at 30 June 2022 and 31 December 2022		
Authorised:		
As at 30 June 2022 and 31 December 2022	<u>30,000,000</u>	<u>1,500,000</u>
Issued and fully paid:		
As at 30 June 2022 and 31 December 2022	<u>15,695,532</u>	<u>784,776</u>

## 19. 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 2022 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Audited)
Property, plant and equipment	309,507	299,001
Investment properties	19,000	19,000
Pledged bank balances	<u>710</u>	<u>690</u>
	<u>329,217</u>	<u>318,691</u>

## 20. 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 2022 and 2021.

### Compensation of key management

The key management of the Group comprises all directors of the Company. The short-term benefits were HK\$1,004,000 for the six months ended 31 December 2022 (six months ended 31 December 2021: HK\$630,000).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL RESULTS AND BUSINESS REVIEW**

During the period under review, the Group was engaged in four business segments, (i) hotel hospitality business; (ii) provision of money lending services; (iii) trading and distribution of liquor and wine; and (iv) investments in listed securities and funds. For the six months ended 31 December 2022, the Group recorded a revenue of approximately HK\$15.0 million (six months ended 31 December 2021: approximately HK\$29.2 million). Loss for the period attributable to owners of the Company was approximately HK\$47.7 million (six months ended 31 December 2021: approximately HK\$72.3 million). The decrease in net loss for the period was mainly attributable to the absence of gross loss and written down of inventories on the liquor and wine business of approximately HK\$28 million. Basic loss per share was approximately 0.3 HK cent (six months ended 31 December 2021: approximately 0.46 HK cent).

#### **Hotel Hospitality Business**

The revenue for the six months ended 31 December 2022 of the hotel hospitality business was approximately HK\$11.9 million (six months ended 31 December 2021: approximately HK\$8.3 million) and a segment profit of approximately HK\$0.4 million was recorded for the six months ended 31 December 2022 (six months ended 31 December 2021: segment loss of approximately HK\$3.2 million). The increase in revenue was mainly due to the Japanese Government implemented the planned gradual reopening to inbound tourists in the second half of 2022. Such reopening has favourable impact on the hotel hospitality business.

Hotel hospitality business is one of the core businesses of the Group which contributed approximately 79% of the Group's revenue for the six months ended 31 December 2022. The hotel, One Niseko Resort Towers (the "Resort Towers"), is located in the famous Japanese skiing destination of Niseko, Hokkaido, Japan. Niseko is one of the famous ski resort areas in Japan and is well known for its heavy light powder snow and spectacular backcountry. The Resort Towers consists of 110 units of high-end accommodation and has an onsen with an indoor and outdoor bath. It attracts many tourists from world-wide for skiing in the winter time.

#### **Money Lending Services**

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.

As at 31 December 2022, the Group had loans receivable with gross principal amount of approximately HK\$162 million (30 June 2022: approximately HK\$162.7 million). The Group recorded interest income from loans receivable of approximately HK\$0.23 million for the six months ended 31 December 2022 (six months ended 31 December 2021: approximately HK\$1.6 million).

The loan portfolio comprises loans to independent third party individual and corporate borrowers with term ranging from eight months to forty months and interest rate from 5.5% to 20% per annum. During the period, the Group does not grant loans to the general consumer market. The Group 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 money lending business recorded a segment loss of approximately HK\$1.5 million for the six months ended 31 December 2022 (six months ended 31 December 2021: segment loss of approximately HK\$2.0 million).

As at 31 December 2022, 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.

### **Liquor and Wine Business**

The revenue for the six months ended 31 December 2022 of the liquor and wine business was nil (six months ended 31 December 2021: approximately HK\$18.9 million) and a segment loss of approximately HK\$0.2 million was recorded for the six months ended 31 December 2022 (six months ended 31 December 2021: segment loss of approximately HK\$28.2 million).

## Listed Securities and Funds Investments

### (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.

TAR Fund has expired on 30 December 2022 and under the process of settlement. The amount of TAR Fund is re-classified to the other receivables. As at 31 December 2022, the value of TAR Fund was approximately HK\$75.5 million (30 June 2022: approximately HK\$75.8 million). TAR Fund had an average return of approximately 4.89% and 21.75% for the years ended 31 December 2022 and 2021 respectively.



## (2) Listed Securities

For the six months ended 31 December 2022, the Group managed a portfolio of listed securities. Details of the listed securities investments are as below:

### Significant listed securities investments as at 31 December 2022

Name of listed securities	Stock code	Brief description of the business	Number of shares held	As at 31 December 2022		Market value HK\$'000	Approximately percentage to total assets value of the Group
				Proportion of share held (Note)	Investment cost HK\$'000		
CLP Holdings Limited	2	Generation and supply of electricity	218,000	0.009%	17,023	12,415	1.83%
Shenzhen International Holdings Limited	152	Toll roads and general-environmental protection business; and logistics business	648,000	0.027%	5,020	4,964	0.73%
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	29,674	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	4,307	0.64%
Techtronic Industries Company Limited	669	Power equipment business	10,000	0.001%	927	871	0.13%
Tencent Holdings Limited	700	VAS; Online Advertising; FinTech and Business Services	4,800	0.000%	1,653	1,603	0.24%

As at 31 December 2022

Name of listed securities	Stock code	Brief description of the business	Number of shares held	Proportion	Investment cost <i>HK\$'000</i>	Market value <i>HK\$'000</i>	Approximately percentage to total assets value of the Group
				of share held <i>(Note)</i>			
China Construction Bank Corporation	939	Provision of banking and related financial services	3,000,000	0.001%	16,946	14,670	2.17%
China Mobile Limited	941	Provision of telecommunications and information related services	330,000	0.002%	16,898	17,078	2.52%
AIA Group Limited	1299	Writing of life insurance business, providing life insurance, accident and health insurance and savings plans	32,000	0.000%	2,517	2,778	0.41%
Hong Kong Aerospace Technology Group Limited	1725	Electronics manufacturing services business and aerospace business	380,000	0.123%	11,426	2,329	0.34%
B & D Strategic Holdings Limited	1780	Civil engineering works and provision of services on alteration and addition works	2,265,000	0.365%	5,599	2,582	0.38%
BOC Hong Kong (Holdings) Limited	2388	Provision of banking and related financial services	950,000	0.009%	25,291	25,270	3.73%
Tracker Fund of Hong Kong	2800	Funds management	238,000	0.004%	4,859	4,741	0.70%

As at 31 December 2022							Approximately
Name of listed securities	Stock code	Brief description of the business	Number of shares held	Proportion	Investment cost <i>HK\$'000</i>	Market value <i>HK\$'000</i>	percentage to total assets value of the Group
				of share held <i>(Note)</i>			
Meituan	3690	Food delivery, In-store, hotel & travel and new initiatives	5,000	0.000%	782	873	0.13%
JD.com, Inc.	9618	Providing products and services to consumers, third-party merchants, suppliers and other business partner	6,500	0.000%	1,334	1,431	0.21%

*Note:*

The percentage of shareholdings is calculated with reference to the monthly return of equity issuer on movements in securities for the month ended 31 December 2022 publicly available on the website of the Stock Exchange.

### Significant gains/(losses) for the period ended 31 December 2022

Name of listed securities	Stock code	For the six months ended 31 December 2022		
		Realised gains/ (losses) <i>HK\$'000</i>	Unrealised gains/ (losses) <i>HK\$'000</i>	Dividend received <i>HK\$'000</i>
CLP Holdings Limited	2	–	(1,777)	273
Shenzhen International Holdings Limited	152	–	(39)	–
Hong Kong Exchanges and Clearing Limited	388	–	(4,294)	302
Shenzhen Expressway Corporation Limited	548	–	(909)	417

Name of listed securities	Stock code	For the six months ended 31 December 2022		
		Realised gains/ (losses) <i>HK\$'000</i>	Unrealised gains/ (losses) <i>HK\$'000</i>	Dividend received <i>HK\$'000</i>
Techtronic Industries Company Limited	669	–	53	9
Tencent Holdings Limited	700	–	(98)	–
China Construction Bank Corporation	939	–	(1,140)	–
China Mobile Limited	941	–	908	651
AIA Group Limited	1299	–	56	13
Hong Kong Aerospace Technology Group Limited	1725	(28,249)	(4,442)	–
B & D Strategic Holdings Limited	1780	100	68	–
Diwang Industrial Holdings Limited	1950	88	–	–
BOC Hong Kong (Holdings) Limited	2388	–	(4,180)	1,069
Tracker Fund of Hong Kong	2800	–	(562)	133
Meituan	3690	–	(98)	–
JD.com, Inc.	9618	–	(212)	–

## **PROSPECTS**

The outlook for the hotel hospitality businesses remains of concern. We expect to see a continued recovery in the Japan, although there is some uncertainty as to the sustainability of this recovery. Niseko (where the Resort Towers is located) as a premium skiing and sightseeing destination, At winter, skiing is famous in Niseko, we expect foreign tourists will significant increase because of the reopen of the entry for foreigners and no quarantine measures imposed by the Japanese Government.

Although the businesses of the Group had been disrupted by the COVID-19 pandemic, the Directors are confident in the future prospects of the businesses of the Group, especially the hotel hospitality business.

In the meanwhile, the Group will grasp investment opportunities to diversify the Group's business and, at the same time, strive to control the costs to maintain stable return to the shareholders of the Company.

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of any interim dividend for the six months ended 31 December 2022 (six months ended 31 December 2021: Nil).

## **FINANCIAL RESOURCES, LIQUIDITY AND GEARING**

As at 31 December 2022, the Group has in aggregate approximately HK\$121.5 million in deposits in a financial institution, pledged bank balances, and bank balances and cash (30 June 2022: approximately HK\$87.5 million) and the net current assets value was approximately HK\$281.5 million (30 June 2022: approximately HK\$331.3 million).

The Group's gearing ratio as at 31 December 2022 was approximately 0.09 (30 June 2022: approximately 0.09), being a ratio of total interest bearing debts, including borrowings of approximately HK\$52.2 million (30 June 2022: approximately HK\$54.6 million) to the total equity of approximately HK\$569.2 million (30 June 2022: approximately HK\$609.6 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 2021 (the “Utilisation of Net Proceeds”) and the remaining balance of the net proceeds are set out below:

<b>Intended use</b>	<b>Planned Use of Net Proceeds HK\$ million</b>	<b>Revised Use of Net Proceeds HK\$ million</b>	<b>Utilisation of Net Proceeds HK\$ million</b>	<b>Remaining balance HK\$ million</b>
Repayment of outstanding borrowings	<b>193.9</b>	<b>193.9</b>	<b>144.9</b>	<b>49</b> <i>(note)</i>
Contribution to the facility to be made available to a joint venture company formed with Zhongke International Capital Limited	<b>196</b>	<b>–</b>	<b>–</b>	<b>–</b>
Expansion of the Group’s money lending business	<b>100</b>	<b>111.3</b>	<b>111.3</b>	<b>–</b>
Future potential investments and/or general working capital	<b>33.7</b>	<b>218.4</b>	<b>218.4</b>	<b>–</b>
<b>Total</b>	<b><u>523.6</u></b>	<b><u>523.6</u></b>	<b><u>474.6</u></b>	<b><u>49</u></b>

*Note:*

It is expected that the remaining balance would be utilised on or before 31 December 2023. 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 2023.

The amount was equivalent to JPY0.68 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.

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 2022, the Group pledged hotel land and building in Japan with an aggregated carrying value of approximately HK\$309.5 million (30 June 2022: approximately HK\$299 million), investment properties in Hong Kong with an aggregate carrying value of HK\$19 million (30 June 2022: HK\$19 million), bank deposit of approximately HK\$0.7 million (30 June 2022: approximately HK\$0.7 million) and the entire equity interest of certain subsidiaries to secure banking facilities of the Group.

## **CAPITAL STRUCTURE**

The Company had no other changes in capital structure during the six months ended 31 December 2022.

## **INVESTMENT POSITION AND PLANNING**

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

As at 31 December 2022, the Group managed a portfolio of listed securities with fair value of approximately HK\$125.6 million (30 June 2022: approximately HK\$205.3 million). The global equity market is unstable throughout the period. Accordingly, the listed securities recorded a trading and revaluation loss of approximately HK\$44.7 million in current period (31 December 2021: approximately HK\$42.7 million).

## **CONTINGENT LIABILITIES**

As at 31 December 2022, the Group had no significant contingent liabilities (30 June 2022: Nil).

## **CAPITAL COMMITMENTS**

As at 31 December 2022, the Group had no significant capital commitments (30 June 2022: 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 2022, the Group had 29 (30 June 2022: 27) 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, 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 2022.

## **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 2022.

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

During the six months ended 31 December 2022, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules except for the following deviations:

#### **Code Provision A.2.1**

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Since the resignation of Mr. Chi Chi Hung, Kenneth in March 2020, the Company does not have any officer with the title of Chief Executive Officer. The overall responsibility of supervising and ensuring that the Group 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.

### **REVIEW OF INTERIM RESULTS**

The audit committee currently comprises Mr. Chiu Wai On and Mr. Man Kwok Leung, all 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 2022.

### **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](http://www.hkexnews.hk) and the Company at [www.detai-group.com](http://www.detai-group.com). The interim report of the Company will be despatched to the shareholders of the Company and made available on the above websites in due course.

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

Hong Kong, 28 February 2023

*As at the date of this announcement, the executive Directors are Mr. Cheng Chi Kin (Chairman) and Mr. Wong Siu Keung Joe; and the independent non-executive Directors are Mr. Chiu Wai On and Mr. Man Kwok Leung.*