



# ART GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 565)

## 2024 INTERIM REPORT



## Corporate Information

### **BOARD OF DIRECTORS**

Mr. Su Peixin (*Chairman*)  
(appointed on 21 August 2024)  
Dr. Wong Ho Yin (*Chief Executive Officer*)  
(appointed on 5 November 2024)  
Mr. Yao Linying  
(appointed on 24 June 2024)  
Mr. Chen Jinyan  
Mr. Chen Jingdong  
(resigned on 21 August 2024)  
Mr. Chong Hon Wang\*  
(appointed on 25 July 2024)  
Ms. Chong Sze Pui Joanne\*  
Ms. Wang Yuqin\*  
Mr. Kwan Chi Fai\*  
(resigned on 25 July 2024)

\* *Independent Non-executive Director*

### **COMPANY SECRETARY**

Ms. Yeow Mee Mooi

### **AUDITOR**

Confucius International CPA Limited  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditors*

### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

31/F., Chinachem Century Tower  
178 Gloucester Road  
Wan Chai, Hong Kong  
Website: <https://artgroup.etnet.com.hk>

### **REGISTERED OFFICE**

P.O.Box 31119  
Grand Pavilion  
Hibiscus Way  
802 West Bay Road  
Grand Cayman KY1-1205  
Cayman Islands

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Vistra (Cayman) Limited  
P. O. Box 31119  
Grand Pavilion  
Hibiscus Way  
802 West Bay Road  
Grand Cayman KY1-1205  
Cayman Islands

### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited  
17/F., Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### **PRINCIPAL BANKERS**

Bank of Zhengzhou  
Bank of China  
Hang Seng Bank  
Bank of Communications (Hong Kong)

### **SHARE LISTING**

The Stock Exchange of Hong Kong Limited  
(Stock code: 565)

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



天健國際會計師事務所有限公司

Confucius International CPA Limited

Certified Public Accountants

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Rooms 1501-08, 15th Floor, Tai Yau Building,  
181 Johnston Road, Wanchai, Hong Kong  
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### TO THE BOARD OF DIRECTORS OF ART GROUP HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

#### INTRODUCTION

We have reviewed the condensed consolidated financial statements set out on pages 4 to 42, which comprise the condensed consolidated statement of financial position of Art Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 31 December 2024 and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements including material accounting policy information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”), issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of the interim financial report in accordance with HKAS 34.

Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## **SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

### **Confucius International CPA Limited**

Certified Public Accountants

### **Chan Lap Chi**

Practising Certificate number: P04084

Hong Kong, 28 February 2025

The board of directors (the “Board”) of Art Group Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (together, the “Group”) for the six months ended 31 December 2024 (the “Interim Period”), which were reviewed by the auditor and the audit committee of the Company, together with the comparative figures for the corresponding period in 2023 are as follows:

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2024

		<b>Six months ended 31 December</b>	
	<i>NOTES</i>	<b>2024 HK\$'000 (unaudited)</b>	2023 HK\$'000 (unaudited)
Revenue	3	<b>89,296</b>	70,311
Cost of sales		<b>(62,873)</b>	(18,821)
Gross profit		<b>26,423</b>	51,490
Other income and other gain and loss		<b>6,962</b>	7,908
Administrative expenses		<b>(17,468)</b>	(11,380)
Reversal of allowance for expected credit loss on rental deposits		<b>6,740</b>	132
Reversal of allowance for expected credit loss/ (allowance for expected credit loss) on trade receivables		<b>3,888</b>	(393)
Reversal of allowance for expected credit loss on loan receivables		–	37,310
Loss on fair value changes of investment properties	9	<b>(36,058)</b>	(134,783)
Loss on derecognition of investment properties	9	<b>(276,087)</b>	–
Gain on termination of lease	13	<b>302,912</b>	–
Gain on bargain purchase	17	<b>10,576</b>	–
Finance costs	4	<b>(12,951)</b>	(18,964)
Profit/(loss) before taxation		<b>14,937</b>	(68,680)
Income tax credit	5	<b>11,717</b>	30,390
Profit/(loss) for the period	6	<b>26,654</b>	(38,290)

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2024

		Six months ended 31 December	
NOTE	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	
Other comprehensive expense: <i>Items that will not be reclassified to profit or loss</i>			
Exchange differences on translation from functional currency to presentation currency	(582)	(8,401)	
Other comprehensive expense for the period	(582)	(8,401)	
Total comprehensive income/(expense) for the period	26,072	(46,691)	
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company	26,587	(38,290)	
Non-controlling interests	67	–	
	26,654	(38,290)	
<b>Total comprehensive income/(expense) for the period attributable to:</b>			
Owners of the Company	26,005	(38,290)	
Non-controlling interests	67	–	
	26,072	(38,290)	
<b>EARNINGS/(LOSS) PER SHARE</b>			
Basic ( <i>HK cents</i> )	0.99	(1.42)	8
Diluted ( <i>HK cents</i> )	0.99	(1.42)	

## Condensed Consolidated Statement of Financial Position

As at 31 December 2024

	<i>NOTES</i>	<b>31 December 2024 HK\$'000 (unaudited)</b>	30 June 2024 HK\$'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		5,565	3,301
Right-of-use assets		6,053	3,592
Investment properties	9	406,702	568,817
Rental deposits		47,935	47,045
Deferred tax assets	16	4,185	–
		<u>470,440</u>	<u>622,755</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	10	30,231	29,793
Loan receivables	11	17,073	18,327
Bank balances and cash		35,974	40,239
		<u>83,278</u>	<u>88,359</u>
<b>CURRENT LIABILITIES</b>			
Other payables	12	53,428	57,932
Contract liabilities		18,099	11,301
Lease liabilities	13	61,174	66,138
Amount due to a substantial shareholder	14	13,500	4,164
Tax liabilities		–	18
		<u>146,201</u>	<u>139,553</u>
<b>NET CURRENT LIABILITIES</b>		<u>(62,923)</u>	<u>(51,194)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>407,517</u>	<u>571,561</u>

## Condensed Consolidated Statement of Financial Position

As at 31 December 2024

	<i>NOTES</i>	<b>31 December 2024 HK\$'000 (unaudited)</b>	30 June 2024 HK\$'000 (audited)
<b>CAPITAL AND RESERVES</b>			
Share capital	18	26,888	26,888
Reserves		<u>(8,821)</u>	<u>(34,826)</u>
Equity/(deficit) attributable to owners of the Company		<b>18,067</b>	(7,938)
Non-controlling interests		<u>72</u>	<u>–</u>
<b>TOTAL EQUITY/(DEFICIT)</b>		<b><u>18,139</u></b>	<u>(7,938)</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	13	378,056	564,856
Deferred tax liabilities	16	925	4,638
Bonds	15	<u>10,397</u>	<u>10,005</u>
		<b><u>389,378</u></b>	<u>579,499</u>
		<b><u>407,517</u></b>	<u>571,561</u>



## Condensed Consolidated Statement of Changes In Equity

For the six months ended 31 December 2024

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Merger reserve	Exchange reserve	Share option reserve	Statutory reserve	Retained profits	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 July 2023 (audited)	26,888	48,746	136	(90,606)	5,402	1,232	276,644	268,442	-	268,442
Loss for the period	-	-	-	-	-	-	(38,290)	(38,290)	-	(38,290)
Other comprehensive expense for the period										
- Exchange difference on translation for functional currency to presentation currency	-	-	-	(8,401)	-	-	-	(8,401)	-	(8,401)
Total comprehensive expense for the period	-	-	-	(8,401)	-	-	(38,290)	(46,691)	-	(46,691)
As at 31 December 2023 (unaudited)	<u>26,888</u>	<u>48,746</u>	<u>136</u>	<u>(99,007)</u>	<u>5,402</u>	<u>1,232</u>	<u>238,354</u>	<u>221,751</u>	<u>-</u>	<u>221,751</u>
As at 1 July 2024 (audited)	26,888	48,746	136	(93,505)	5,402	1,232	3,163	(7,938)	-	(7,938)
Profit for the period	-	-	-	-	-	-	26,587	26,587	67	26,654
Other comprehensive expense for the period										
- Exchange difference on translation for functional currency to presentation currency	-	-	-	(582)	-	-	-	(582)	-	(582)
Total comprehensive income/(expense) for the period	-	-	-	(582)	-	-	26,587	26,005	67	26,072
Capital injection from a non-controlling interest	-	-	-	-	-	-	-	-	5	5
As at 31 December 2024 (unaudited)	<u>26,888</u>	<u>48,746</u>	<u>136</u>	<u>(94,087)</u>	<u>5,402</u>	<u>1,232</u>	<u>29,750</u>	<u>18,067</u>	<u>72</u>	<u>18,139</u>

## Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2024

		Six months ended 31 December	
	NOTES	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Net cash generated from operating activities		<u>2,648</u>	<u>23,076</u>
Cash flows from investing activities			
Purchases of property, plant and equipment		(2,603)	(63)
Net cash inflow on acquisition of a subsidiary	17	3,394	–
Repayments from loan receivables	11	2,200	37,310
Interest received		<u>36</u>	<u>36</u>
Net cash generated from investing activities		<u>3,027</u>	<u>37,283</u>
Cash flows from financing activities			
Advance from a substantial shareholder		14,424	12,474
Capital injection from a non-controlling interest		5	–
Repayment to a substantial shareholder		(5,180)	(195)
Repayments of lease liabilities	13	<u>(19,075)</u>	<u>(36,461)</u>
Net cash used in financing activities		<u>(9,826)</u>	<u>(24,182)</u>
Net (decrease)/increase in cash and cash equivalents		(4,151)	36,177
Effect of foreign exchange rate changes		(114)	(14,582)
Cash and cash equivalents at the beginning of the period		<u>40,239</u>	<u>33,152</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash		<u>35,974</u>	<u>54,747</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2024

### 1. BASIS OF PREPARATION

#### Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

#### Going concern

The directors of the Company have given careful consideration to the going concern status of the Group in light of the fact that as of 31 December 2024, the Group had net current liabilities of approximately HK\$62,923,000. This condition indicates the existence of material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern.

In order to improve the liquidity of the Group and ensure the Group’s ability to operate as a going concern, the directors of the Company have implemented measures as follows:

As at 31 December 2024, the Group has contract liabilities and receipts in advance in aggregated amount of HK\$35,001,000, which shall not result in any cash outflow of the Group eventually. Additionally, the Group also has deposits received from tenants of approximately HK\$13,663,000. The directors of the Company are confident that this level of deposits can be sustained in the short term, based on the existing lease agreements with tenants. The directors of the Company will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring general administrative expenses and operating costs. The directors of the Company believe that the Group has sufficient operating cash inflow to cover operating cash outflow, which included lease payments for two shopping malls, namely the Jiachao’s Shopping Mall and the Zone C Shopping Mall, units in the industrial park, the Zhiyun City and office premises in Hong Kong in the next twelve months from the date of this report.

**1. BASIS OF PREPARATION** *(Continued)*

**Going concern** *(Continued)*

Moreover, the substantial shareholders of the Company have undertaken to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without significant curtailment of operations for the next twelve months from the date of approval of these condensed consolidated financial statements.

The directors of the Company have reviewed the cash flow projections of the Group prepared by the management covering a period of not less than twelve months from the date of this report taking into account the impact of the above measures. The directors of the Company are confident that the Group has sufficient cash resources to be able to satisfy its future working capital and meet its financial obligations when they fall due in the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

**2. MATERIAL ACCOUNTING POLICY INFORMATION**

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and new operation of cargo aircraft charter segment, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 30 June 2024.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Application of new and amendments to HKFRSs**

*New and amendments to HKFRSs that are mandatorily effective for the current interim period*

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 July 2024 for the preparation of the condensed consolidated financial statements:

HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

Revenue represents (i) the lease payments received and receivable in the normal course of business, net of related taxes for the period; (ii) property management and related services fee received and receivable; and (iii) cargo aircraft chartering services fee received and receivable.

	<b>Six months ended 31 December</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Revenue from major business services:		
<i>Revenue within the scope of HKFRS 16</i>		
Rental income from leasing of properties	<b>20,267</b>	30,089
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>		
Property management fee income	<b>25,819</b>	39,395
Property management – other related services	<b>942</b>	827
Cargo aircraft chartering services fee income	<b>42,268</b>	–
	<b>69,029</b>	40,222
	<b>89,296</b>	70,311
Disaggregated by timing of revenue recognition:		
<i>Over time:</i>		
Property management fee income	<b>25,819</b>	39,395
Property management – other related services	<b>942</b>	827
Cargo aircraft chartering services fee income	<b>42,268</b>	–
	<b>69,029</b>	40,222

### 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

#### **Performance obligations for revenue from contracts with customers**

##### *Property management fee income*

Property management fee income is recognised over the service period. The Group receives monthly property management fee payments from customers one to three months in advance under the contracts. Advance consideration allocated to the properties management services is recognised as a contract liability and is released over the period of services.

##### *Cargo aircraft chartering services fee income*

Cargo aircraft chartering services fee income is recognised over time as the performance obligation is satisfied. Advance consideration allocated to the cargo aircraft chartering services fee is recognised as a contract liability and is released over the period of services.

#### **Segment information**

Information reported to the board of directors, being the chief operating decision maker (the “CODM”), for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

For the reporting period, the Group has two reportable segments: the property operating segment and the cargo aircraft charter segment (six months ended 31 December 2023: one reportable segment: the property operating segment). From a product perspective, management assesses the performance of both segments by considering the contributions of the property operating segment and the cargo aircraft charter segment.

Segment results represent profit or loss from the segment without allocation of income tax credit, loan interest income, reversal of allowance for expected credit loss on loan receivables and unallocated administrative expenses.

One single customer from cargo aircraft charter segment contributed 10 per cent or more of the Group’s revenue for the six months ended 31 December 2024 (six months ended 31 December 2023: one single customer from property operating segment). The total amount of revenue from the customer from cargo aircraft charter segment amounted to HK\$37,017,000 (six months ended 31 December 2023: the total amount of revenue from the customer from property operating segment amounted to HK\$13,495,000).

**3. REVENUE AND SEGMENT INFORMATION** *(Continued)*

**Segment information** *(Continued)*

<b>Six months ended 31 December 2024</b>	<b>Property operating HK\$'000</b>	<b>Cargo aircraft charter HK\$'000</b>	<b>Total HK\$'000</b>
Revenue	<u>47,028</u>	<u>42,268</u>	<u>89,296</u>
Segment result	21,706	138	21,844
Income tax credit			11,717
Loan interest income			946
Unallocated administrative expenses			<u>(7,853)</u>
Profit for the period			<u>26,654</u>



**3. REVENUE AND SEGMENT INFORMATION** *(Continued)*  
**Segment information** *(Continued)*

<b>Six months ended 31 December 2024</b>	<b>Property operating HK\$'000</b>	<b>Cargo aircraft charter HK\$'000</b>	<b>Unallocated HK\$'000</b>	<b>Total HK\$'000</b>
<i>Amounts included in the measurement of segment profit or loss</i>				
Bank interest income	14	–	22	36
Depreciation of property, plant and equipment	(114)	–	(194)	(308)
Depreciation of right-of-use assets	(96)	–	(452)	(548)
Gain on bargain purchase	10,576	–	–	10,576
Gain on termination of lease	302,912	–	–	302,912
Interest expenses	(12,528)	–	(423)	(12,951)
Loss on derecognition of investment properties	(276,087)	–	–	(276,087)
Loss on fair value changes of investment properties	(36,058)	–	–	(36,058)
Reversal of allowance for expected credit loss on rental deposits	6,740	–	–	6,740
Reversal of allowance for expected credit loss on trade receivables	3,888	–	–	3,888
<i>Amount regularly provided to the CODM but not included in the measurement of segment profit or loss</i>				
Additions to non-current assets	152,689	–	2,603	155,292

**3. REVENUE AND SEGMENT INFORMATION** *(Continued)*  
**Segment information** *(Continued)*

Six months ended 31 December 2023	Property operating HK\$'000
Revenue	<u>70,311</u>
Segment result	(102,264)
Income tax credit	30,390
Reversal of allowance for expected credit loss on loan receivables	37,310
Unallocated administrative expenses	<u>(3,726)</u>
Loss for the period	<u>(38,290)</u>

**3. REVENUE AND SEGMENT INFORMATION** *(Continued)*

**Segment information** *(Continued)*

Six months ended 31 December 2023	Property operating HK\$'000	Unallocated HK\$'000	Total HK\$'000
<i>Amounts included in the measurement of segment profit or loss</i>			
Bank interest income	24	12	36
Depreciation of property, plant and equipment	(114)	(5)	(119)
Depreciation of right-of-use assets	(96)	(246)	(342)
Interest expenses	(18,567)	(397)	(18,964)
Loss on fair value changes of investment properties	(134,783)	–	(134,783)
Reversal of allowance for expected credit loss on rental deposits	132	–	132
Allowance for expected credit loss on trade receivables	(393)	–	(393)
<i>Amount regularly provided to the CODM but not included in the measurement of segment profit or loss</i>			
Additions to non-current assets	–	63	63

**3. REVENUE AND SEGMENT INFORMATION** *(Continued)*

**Segment information** *(Continued)*

	<b>31 December 2024 HK\$'000 (unaudited)</b>	30 June 2024 HK\$'000 (audited)
<b>Segment assets</b>		
Property operating	484,217	652,213
Cargo aircraft charter	10,595	–
	<hr/>	<hr/>
Total segment assets	494,812	652,213
Loan receivables	17,073	18,327
Bank balances and cash	35,974	40,239
Other unallocated assets	5,859	335
	<hr/>	<hr/>
<b>Consolidated assets</b>	<b>553,718</b>	<b>711,114</b>
	<hr/>	<hr/>
<b>Segment liabilities</b>		
Property operating	500,961	701,161
Cargo aircraft charter	5,379	–
	<hr/>	<hr/>
Total segment liabilities	506,340	701,161
Amount due to a substantial shareholder	13,500	4,164
Bonds	10,397	10,005
Other unallocated liabilities	5,342	3,722
	<hr/>	<hr/>
<b>Consolidated liabilities</b>	<b>535,579</b>	<b>719,052</b>
	<hr/>	<hr/>

### 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

#### Geographical segments

The Group's property operating segment is operated in the People's Republic of China (the "PRC"), while the cargo aircraft charter segment is operated in Hong Kong.

The Group's revenue from external customers by location of operation and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		Non-current assets*	
	Six months ended		31 December	
	31 December 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (unaudited)	30 June 2024 HK\$'000 (audited)
The PRC	47,028	70,311	409,803	572,064
Hong Kong	42,268	–	–	–
	<u>89,296</u>	<u>70,311</u>	<u>409,803</u>	<u>572,064</u>

\* Non-current assets excluded deferred tax assets, rental deposits, right-of-use assets and other unallocated non-current assets.

### 4. FINANCE COSTS

	Six months ended 31 December	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Interest on		
– Bonds	393	394
– Lease liabilities	12,558	18,570
	<u>12,951</u>	<u>18,964</u>

## 5. INCOME TAX CREDIT

	<b>Six months ended 31 December</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<i>Income tax recognised in profit and loss</i>		
PRC Enterprise Income Tax ("EIT")		
– Current income tax	<b>50</b>	3,306
Deferred tax	<b>(11,767)</b>	(33,696)
	<b>(11,717)</b>	(30,390)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods, except for the first HK\$2,000,000 of a qualified entity's assessable profit which is calculated at 8.25%, in accordance with the two-tiered profits tax rate regime.

PRC EIT is calculated at the rate of 25% of the profits for the PRC statutory financial reporting purpose for the period ended 31 December 2024 and the year ended 30 June 2024, adjusted for those items which are not assessable or deductible for the PRC EIT purpose.

As at 31 December 2024, no deferred tax liabilities (30 June 2024: Nil) were recognised in respect of the undistributed retained earnings of the PRC subsidiaries attributable to the Group under the EIT Law that are subject to withholding tax upon the distribution of such profits to the shareholders outside the PRC.

## 6. PROFIT/(LOSS) FOR THE PERIOD

	<b>Six months ended 31 December</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Profit/(loss) for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	<b>308</b>	119
Depreciation of right-of-use assets	<b>548</b>	342
Expenses related to short-term leases in respect of rented premises	<b>1,824</b>	66
Exchange losses, net	<b>13</b>	–
	<u>          </u>	<u>          </u>

## 7. DIVIDENDS

No dividends were paid, declared or proposed during the interim period nor has any dividend been proposed since the end of the interim period (six months ended 31 December 2023: Nil).

## 8. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	<b>Six months ended 31 December</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Profit/(loss)</b>		
Profit/(loss) for the period attributable to the owners of the Company for the purposes of basic and diluted earnings/(loss) per share	<b>26,587</b>	(38,290)
	<u>          </u>	<u>          </u>

**8. EARNINGS/(LOSS) PER SHARE** *(Continued)*

	<b>Six months ended 31 December</b>	
	<b>2024</b>	2023
	<b>'000</b>	'000
	<b>(unaudited)</b>	(unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<b>2,688,805</b>	2,688,805
Effect of dilutive potential ordinary shares in respect of share options issued by the Company	<b>10,204</b>	—
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	<b>2,699,009</b>	2,688,805
	<hr/>	<hr/>



## 9. INVESTMENT PROPERTIES

The Group takes on the lease of shopping malls and units in the industrial park; and subleases the retail stores of the shopping malls and the units in the industrial park, under operating leases with rentals payable monthly/quarterly. The subleases typically run for an initial period of 30 days to 13 years. Majority of the sublease contracts contain market review clauses in the event the tenant exercises the option to extend.

The Group is not exposed to foreign currency risk as a result of the sublease arrangements, as all subleases are denominated in the respective functional currency of group entities. The sublease contracts do not contain residual value guarantee and/or tenant's option to purchase the property at the end of the term of sublease.

	<b>31 December 2024 HK'000 (unaudited)</b>	30 June 2024 HK'000 (audited)
<b>Fair value</b>		
Balance at the beginning of the period/year	<b>568,817</b>	995,699
Derecognition upon lease modification ( <i>Note (i)</i> )	–	(170,652)
Derecognition upon termination of lease ( <i>Note (ii)</i> )	<b>(276,087)</b>	–
Additions	<b>119,754</b>	–
Addition on acquisition of a subsidiary	<b>32,935</b>	–
Loss on fair value changes on investment properties	<b>(36,058)</b>	(260,870)
Exchange realignment	<b>(2,659)</b>	4,640
	<hr/> <b>406,702</b> <hr/>	<hr/> 568,817 <hr/>
Balance at the end of the period/year		

## 9. INVESTMENT PROPERTIES (Continued)

Notes:

- (i) As described in the announcement of the Company dated 9 October 2024, since certain areas of the Jiachao's Shopping Mall was involved in litigation with a creditor of its landlord, Zhengzhou Jiachao Property Services Co., Ltd.\* (鄭州佳潮物業服務有限公司)(“Zhengzhou Jiachao”), the rental area of 50,532.48 square meters of the Jiachao's Shopping Mall was deducted from the lease contract dated 26 April 2021 entered into by Zhengzhou Jiachao as the lessor and the Company's wholly-owned subsidiary, Zhengzhou Zhongyuan Jinyi Commercial Operation Management Co., Ltd.\* (鄭州中原錦藝商業運營管理有限公司)(“Zhongyuan Jinyi”) as the lessee in respect of the Jiachao's Shopping Mall with a leased area of 125,188.32 square meters (the “Jiachao's Lease Contract”), pursuant to the judgment of the People's Court of Zhongyuan District, Zhengzhou City, Henan Province ((2024) Yu 0102 Ming Chu No. 4142)(河南省鄭州市中原區人民法院(2024)豫0102民初4142號《民事判決書》). In light of the above, Zhongyuan Jinyi and Zhengzhou Jiachao entered into a supplemental agreement (the “Supplemental Agreement”) to amend the leased area under the Jiachao's Lease Contract starting from 22 June 2024, which constituted a lease modification in the year ended 30 June 2024.

For the lease modification, the Group remeasured lease liabilities corresponding to the remaining leased area of the Jiachao's Shopping Mall. The remeasured amount that differed from the original lease liabilities was reduced from the Group's lease liabilities, which was calculated to be approximately RMB195 million (equivalent to approximately HK\$212,350,000). At the same time, the entering into of the Supplemental Agreement as tenant by Zhongyuan Jinyi required the Group to derecognise the amount from the Group's investment properties, because of the reduction of the leased area under the Jiachao's Lease Contract. The fair value derecognised by the Group under the Supplemental Agreement amounted to approximately RMB157 million (equivalent to approximately HK\$170,652,000). By doing so, the Group recognised a gain from lease modification of approximately HK\$41,698,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2024.

\* For identification purpose only

## 9. INVESTMENT PROPERTIES *(Continued)*

*Notes: (Continued)*

- (ii) As described in the announcement of the Company dated 21 February 2025, a notice dated 23 January 2025 was received from Zhengzhou Jiachao, notifying Zhongyuan Jinyi that, (a) from 1 October 2024, the rental area under the Jiachao's Lease Contract would no longer include the rental area of 30,595.51 square meters of the Jiachao's Shopping Mall (the "Reduced Area"), the title and ownership of which were transferred to Henan Construction Commercial Services Co., Ltd.\* (河南建投商業服務有限公司) ("Henan Construction"); and (b) from 1 October 2024, the rental area under the Jiachao's Lease Contract should be amended to 44,060.33 square meters (the "Remaining Area") and the rental payment of the Remaining Area is amended to RMB23.5 per square meters per month, which shall be set-off against the deposits paid by Zhongyuan Jinyi to Zhengzhou Jiachao under the Jiachao's Lease Contract. On 26 January 2025, Zhongyuan Jinyi and Zhengzhou Jiachao further entered into a supplemental lease contract for the lease of the Remaining Area, which replaced the Jiachao's Lease Contract. Under these circumstances, the Jiachao's Lease Contract is considered terminated as of 30 September 2024.

For the termination of the Jiachao's Lease Contract, the Group derecognised lease liabilities associated with the Jiachao's Lease Contract as of 30 September 2024, which were approximately RMB279 million (equivalent to approximately HK\$302,912,000). This amount is recognised as a gain on termination of lease in the condensed consolidated statement of profit or loss and other comprehensive income. Simultaneously, the termination of the Jiachao's Lease Contract required the Group to derecognise the associated amount from its investment properties as of 30 September 2024. The fair value of the investment properties derecognised by the Group amounted to approximately RMB254 million (equivalent to approximately HK\$276,087,000). Consequently, the Group recognised a loss on derecognition of investment properties of approximately HK\$276,087,000 in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 31 December 2024.

The fair value of the Group's investment properties as at 31 December 2024 and 30 June 2024 has been arrived at on the basis of a valuation carried out at the end of the period/year by International Valuation Limited (the "Valuer"), an independent qualified professional valuer not connected with the Group.

The Valuer has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The Group's investment properties were valued individually, on market value basis, which conforms to Hong Kong Institute of Surveyors Valuation Standards. The fair value was arrived at by reference to comparable sales transactions available in the relevant market together with income approach by capitalising the net rental income derived from the existing tenancies under various terms.

\* For identification purpose only

**9. INVESTMENT PROPERTIES** *(Continued)*

**The Group as lessor**

Property rental income, management fee income and operating service income earned during the period was approximately HK\$47,028,000 (six months ended 31 December 2023: HK\$70,311,000). All properties have committed tenants ranging from the next 1 to 11 years and include an extension option.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	<b>31 December 2024 HK'000 (unaudited)</b>	30 June 2024 HK'000 (audited)
Within one year	<b>35,861</b>	30,855
In the second to fifth years inclusive	<b>80,681</b>	71,927
Over five years	<b>86,007</b>	34,771
	<b>202,549</b>	137,553

**10. TRADE AND OTHER RECEIVABLES**

	<b>31 December 2024 HK'000 (unaudited)</b>	30 June 2024 HK'000 (audited)
Trade receivables	<b>10,908</b>	16,802
Less: Allowance or expected credit loss ("ECL")	<b>(680)</b>	(4,533)
	<b>10,228</b>	12,269
Prepayment	<b>6,215</b>	1,226
Other receivables <i>(Note)</i>	<b>13,788</b>	16,298
	<b>30,231</b>	29,793

*Note:*

It mainly includes other tax recoverable of approximately HK\$2,454,000 and deposits paid of approximately HK\$6,350,000 (30 June 2024: payments on behalf of a landlord of approximately HK\$7,502,000, other tax recoverable of approximately HK\$1,163,000 and deposits paid of approximately HK\$1,325,000).

## 10. TRADE AND OTHER RECEIVABLES *(Continued)*

As at 31 December 2024 and 30 June 2024, all trade receivables of the Group were in the functional currency of the relevant group entities.

The following is an ageing analysis of trade receivables before deducting the allowance for ECL presented based on date of rendering of services:

	<b>31 December 2024 HK'000 (unaudited)</b>	30 June 2024 HK'000 (audited)
0 – 60 days	<b>3,658</b>	3,614
61 – 90 days	<b>1,453</b>	3,704
Over 90 days	<b>5,797</b>	9,484
	<hr/>	<hr/>
Trade receivables	<b>10,908</b>	16,802
	<hr/>	<hr/>

The Group measures allowance for ECL on trade receivables at an amount equal to lifetime ECL.

Before accepting any new tenants, the Group assesses the potential tenants' credit quality, 34% (30 June 2024: 22%) of trade receivables that are neither past due nor impaired have good credit rating under internal credit assessment adopted by the Group.

## 11. LOAN RECEIVABLES

	<b>31 December 2024 HK'000 (unaudited)</b>	30 June 2024 HK'000 (audited)
Gross carrying amount of loan and interest receivables	<b>201,046</b>	204,278
Less: Allowance for ECL	<b>(183,973)</b>	(185,951)
	<hr/>	<hr/>
	<b>17,073</b>	18,327
	<hr/>	<hr/>

The Group held two loan receivables as at 31 December 2024 (30 June 2024: two), the details of which are as follows:

**11. LOAN RECEIVABLES** *(Continued)*

- (a) On 28 April 2021, the Group entered into an agreement with an independent third party (“Borrower I”) to lend RMB250,000,000 (equivalent to approximately HK\$294,118,000). The loan was interest-bearing at 7.500% per annum and due on 27 April 2022. The loan was secured by 25% equity interests of Zhengzhou Jiachao and 25% equity interests of Zhongyuan Jinyi both held by a former non-controlling shareholder of a subsidiary (“Guarantor I”).

On 19 November 2021, the Group entered into the first supplemental agreement with Borrower I, Guarantor I and a new guarantor which is an independent third party (“Guarantor II”). Pursuant to which, the principal amount of loan receivable was revised from RMB250,000,000 (equivalent to approximately HK\$294,118,000) to RMB210,000,000 (equivalent to approximately HK\$253,012,000) and the share charged over the 25% equity interests of Zhongyuan Jinyi held by a former non-controlling shareholder of a subsidiary was released. At the same time, the Group received RMB40,000,000 (equivalent to approximately HK\$48,193,000) for repayment of principal and the interest receivables remained outstanding.

On 29 June 2022, the Group and Borrower I entered into the second supplemental agreement to (i) extend the maturity date of loan receivable and agree to repay the outstanding balance by three instalments. The last instalment was due on 27 April 2023; and (ii) revise the interest rate of loan receivable to 4.785% per annum effective from 28 April 2022 and up to and including 27 April 2023.

As at 30 June 2023, the loan receivable outstanding amounted to RMB174,346,000 (equivalent to approximately HK\$187,469,000). The Group assessed the credit risk of the renewed loan based on Borrower I’s repayment ability, financial status and communications with Borrower I. The Group has not yet reached any consensus with Borrower I with respect to a revised repayment schedule for the renewed loan. Hence, Borrower I was considered to be in default as of 27 April 2023, and therefore, the loan receivable has been transferred to stage 3 lifetime ECL and fully impaired during the year ended 30 June 2023.

**11. LOAN RECEIVABLES** *(Continued)*

(a) *(Continued)*

As at 31 December 2024, the Group held collateral of 25% equity interests of Zhengzhou Jiachao, a former subsidiary of the Company over the loan receivable with gross principal amount of RMB140,021,000 (equivalent to approximately HK\$148,959,000) (30 June 2024: RMB140,021,000 (equivalent to approximately HK\$150,560,000)) in aggregate and related gross interest receivables of RMB32,913,000 (equivalent to approximately HK\$35,014,000) (30 June 2024: RMB32,913,000 (equivalent to approximately HK\$35,390,000)). The loan receivable was fully guaranteed by Guarantor I and Guarantor II. Neither allowance nor reversal of allowance for ECL has been recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 31 December 2024 (30 June 2024: reversal of allowance for ECL of RMB34,325,000 (equivalent to approximately HK\$37,310,000) was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2024, which represent settlements received during the year ended 30 June 2024).

The carrying amount of RMB172,934,000 (equivalent to HK\$183,973,000) has matured on 27 April 2023 and not yet settled up to the date of this report.

**11. LOAN RECEIVABLES** *(Continued)*

- (b) On 25 April 2024, the Group entered into another agreement with a party (“Borrower II”) to lend HK\$18,000,000. The amount was interest-bearing at 8.500% per annum and due on 30 June 2024. The amount was secured by the Company’s two unlisted and non-transferable bonds at face value of HK\$7,000,000 and HK\$3,000,000, held by another party (“Guarantor III”). Both Borrower II and Guarantor III have unconditionally and irrevocably committed to not disposing of the Company’s shares they hold under any circumstances until the loan and interest are fully repaid. Additionally, at the Group’s request, they must immediately sell the Company’s shares and use the proceeds to repay any overdue loan amounts owed by Borrower II, either in whole or in part (the “Commitment”). As of the date of the agreement, Borrower II held 765,000 shares, while Guarantor III held 63,800,000 shares.

Between July and November 2024, pursuant to the Commitment, Borrower II sold all of the Company’s shares to repay part of the overdue loan amounts. The total repayment amount was HK\$2,200,000.

On 25 November 2024, the Group entered into a supplemental agreement with Borrower II and Guarantor III to (i) extend the maturity date of the loan receivable to 30 June 2025; (ii) revise the interest rate of the loan receivable from 8.500% per annum to 11.000% per annum; and (iii) update the status of the Commitment, under which Guarantor III unconditionally and irrevocably committed to not disposing of 15,000,000 shares of the Company under any circumstances until the loan and interest are fully repaid.

As at 31 December 2024, the loan receivable with gross principal amount of HK\$15,800,000 and related gross interest receivables of HK\$1,273,000 were not yet matured and settled. This loan was interest-bearing at a rate of 11.000% per annum, and was fully guaranteed by Guarantor III. The Group held collateral in the form of the two bonds held by Guarantor III. It was also secured by the Commitment made by Guarantor III. No allowance for ECL has been recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 31 December 2024.

Loan receivable mentioned in (a) is denominated in RMB, the functional currency of the relevant group entities, while loan receivable mentioned in (b) is denominated in HK\$.



**11. LOAN RECEIVABLES** *(Continued)*

The movements in the allowance for ECL on loan receivables are as follows:

	<b>Stage 3 Lifetime ECL (credit- impaired) HK\$'000</b>
As at 1 July 2023 (audited)	222,859
Allowance for ECL reversed for the year	(37,310)
Exchange realignment	402
	<hr/>
As at 30 June 2024 and 1 July 2024 (audited)	185,951
Exchange realignment	(1,978)
	<hr/>
<b>As at 31 December 2024 (unaudited)</b>	<b>183,973</b>

Reconciliation of gross carrying amount for loan receivables and interest receivables for the six months ended 31 December 2024 and the year ended 30 June 2024 are as follow:

	<b>31 December 2024 HK'000</b>	30 June 2024 HK'000
As at 1 July 2024 (audited)/ 1 July 2023 (audited)	<b>204,278</b>	222,859
Addition	–	18,000
Repayment	<b>(2,200)</b>	(37,310)
Interest receivables	<b>946</b>	327
Exchange realignment	<b>(1,978)</b>	402
	<hr/>	<hr/>
<b>As at 31 December 2024 (unaudited)/ 30 June 2024 (audited)</b>	<b>201,046</b>	204,278

## 12. OTHER PAYABLES

	<b>31 December 2024 HK'000 (unaudited)</b>	30 June 2024 HK'000 (audited)
Receipts in advance of rental income from leasing of properties	<b>16,902</b>	12,028
Deposits received from tenants	<b>13,663</b>	25,843
Accrued charges and other payables	<b>7,142</b>	5,211
Dividend payable	<b>192</b>	192
Other tax payables	<b>5,035</b>	4,051
Provision for litigation ( <i>Note</i> )	<b>10,494</b>	10,607
	<b>53,428</b>	57,932

*Note :*

Pursuant to the judgment of the People's Court of Zhongyuan District, Zhengzhou City, Henan Province ((2024) Yu 0102 Ming Chu No. 4142) (河南省鄭州市中原區人民法院 (2024)豫0102民初4142號《民事判決書》), Zhongyuan Jinyi was ordered to make the rental payment to the creditor of Zhengzhou Jiachao, the landlord of the Jiachao's Shopping Mall, amounting to approximately RMB9,864,000 (equivalent to approximately HK\$10,722,000). Such amount was then reclassified from lease liabilities to other payables and presented as provision for litigation. As at 31 December 2024, the balance of provision for litigation was approximately HK\$10,494,000 (30 June 2024: HK\$10,607,000).

### 13. LEASE LIABILITIES

The exposure of the Group's lease liabilities are as follows:

	<b>31 December 2024 HK'000 (unaudited)</b>	30 June 2024 HK'000 (audited)
Current	<b>61,174</b>	66,138
Non-current	<b>378,056</b>	564,856
	<b>439,230</b>	630,994
– within one year	<b>61,174</b>	66,138
– more than one year but not more than two years	<b>52,072</b>	57,483
– more than two years but not more than three years	<b>40,849</b>	55,494
– more than three years but not more than five years	<b>74,079</b>	107,462
– more than five years	<b>211,056</b>	344,417
	<b>439,230</b>	630,994
Amounts due for settlement within one year (shown under current liabilities)	<b>(61,174)</b>	(66,138)
Amounts due for settlement after one year (shown under non-current liabilities)	<b>378,056</b>	(564,856)

The weighted average incremental borrowing rates applied to lease liabilities from 3.95% to 6.77% (30 June 2024: 3.95% to 5.88%).

**13. LEASE LIABILITIES** *(Continued)*

Reconciliation of the Group's lease liabilities are as follows:

	<b>31 December 2024 HK\$'000 (unaudited)</b>	30 June 2024 HK\$'000 (audited)
Balance at the beginning of the period/year	<b>630,994</b>	893,626
Lease modification <i>(Note (i))</i>	–	(212,350)
Offset with other receivables <i>(Note (iv))</i>	<b>(13,733)</b>	–
Offset with rental deposits <i>(Note (ii); Note (v))</i>	<b>(6,753)</b>	(24,088)
Reclassification to other payables <i>(Note (iii))</i>	–	(10,722)
Termination of lease <i>(Note (vi))</i>	<b>(302,912)</b>	–
Additions	<b>122,796</b>	375
Addition upon acquisition of a subsidiary	<b>17,985</b>	–
Interest expenses	<b>12,558</b>	38,683
Repayment	<b>(19,075)</b>	(57,384)
Exchange realignment	<b>(2,630)</b>	2,854
	<hr/>	<hr/>
Balance at the end of the period/year	<b>439,230</b>	630,994

### 13. LEASE LIABILITIES *(Continued)*

- Note (i):* Please refer to note 9(i) to the condensed consolidated financial statements for the details of lease modification.
- Note (ii):* Zhengzhou Hanyuan Real Estate Co., Ltd.\* (鄭州翰園置業有限公司), the landlord of Zone C Shopping Mall, agreed that the rental payment of approximately RMB22,161,000 (equivalent to approximately HK\$24,088,000) was set-off with the rental deposit due from the landlord during the year ended 30 June 2024.
- Note (iii):* Please refer to note 12 to the condensed consolidated financial statements for the details of reclassification to other payables.
- Note (iv):* Zhengzhou Jiachao agreed that the rental payment of approximately RMB12,635,000 (equivalent to approximately HK\$13,733,000) was set-off with other receivables due from the landlord during the period ended 31 December 2024.
- Note (v):* Zhengzhou Jiachao agreed that the rental payment of approximately RMB6,213,000 (equivalent to approximately HK\$6,753,000) was set-off with the rental deposit due from the landlord during the period ended 31 December 2024.
- Note (vi):* Please refer to note 9(ii) to the condensed consolidated financial statements for the details of termination of lease.

\* For identification purpose only

#### 14. AMOUNT DUE TO A SUBSTANTIAL SHAREHOLDER

The amount due to a substantial shareholder is unsecured, interest free and repayable on demand. It was denominated in HK\$ (30 June 2024: HK\$) as at 31 December 2024.

#### 15. BONDS

On 8 August 2018 and 29 August 2018, the Company issued two unlisted and non-transferable bonds at face value of HK\$7,000,000 and HK\$3,000,000 to an independent third party. The bonds are interest bearing at 8.00% per annum, unsecured and repayable on the seventh and half anniversary of the respective date of issue. The bonds were initially recognised at HK\$10,000,000 and subsequently measured at amortised cost using the effective interest method. The effective interest rate is 8.00% (six months ended 31 December 2023: 8.00%) per annum.

The movements of the liability component of the Group's bonds during the six months ended 31 December 2024 are as follows:

	HK\$'000
As at 1 July 2023 (audited)	10,003
Effective interest charged for the year	802
Coupon interest paid/payable	(800)
	<hr/>
As at 30 June 2024 and 1 July 2024 (audited)	10,005
Effective interest charged for the period	392
	<hr/>
<b>As at 31 December 2024 (unaudited)</b>	<b>10,397</b>
	<hr/>

## 16. DEFERRED TAX ASSETS/(LIABILITIES)

The followings are the deferred tax assets/(liabilities) recognised by the Group and movement thereon during the current period and prior years.

	Fair Value adjustment on investment properties HK\$'000	Undistributable profits of PRC's subsidiaries HK\$'000	Total HK\$'000
As at 1 July 2023 (audited)	8,996	(925)	8,071
Release upon derecognition ( <i>Note</i> )	(12,848)	–	(12,848)
Exchange realignment	139	–	139
	<u>          </u>	<u>          </u>	<u>          </u>
As at 30 June 2024 and 1 July 2024 (audited)	<b>(3,713)</b>	<b>(925)</b>	<b>(4,638)</b>
Acquired on an acquisition of a subsidiary	<b>(3,737)</b>	–	<b>(3,737)</b>
Charge to profit or loss	<b>(3,974)</b>	–	<b>(3,974)</b>
Release upon derecognition ( <i>Note</i> )	<b>15,741</b>	–	<b>15,741</b>
Exchange realignment	<b>(132)</b>	–	<b>(132)</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>As at 31 December 2024 (unaudited)</b>	<b><u>4,185</u></b>	<b><u>(925)</u></b>	<b><u>3,260</u></b>

*Note:* Part of the deferred tax liabilities arising from the fair value adjustment on investment properties in the prior years had been released upon derecognition because of the lease modification as stated in note 9(i) and the termination of lease as stated in note 9(ii).

During the six months ended 31 December 2024, the Group has deductible temporary difference of approximately HK\$51,951,000 (year ended 30 June 2024: approximately HK\$226,087,000) arising from the fair value adjustment on investment properties. Deferred tax assets thereon cannot be recognised because of the unpredictability of future profit streams.

## 17. ACQUISITION OF A SUBSIDIARY

On 2 September 2024, the Group further expanded its property operating business through the acquisition of the entire equity interests in Zhengzhou Yingrui Property Service Co., Ltd.\* (鄭州英睿物業服務有限公司) (“Zhengzhou Yingrui”) from an independent third party by its wholly-owned subsidiary, Zhengzhou Xuqi Corporation Management Co., Ltd.\* (鄭州旭啟企業管理有限公司), for a consideration of RMB200,000 (equivalent to approximately HK\$217,000) (the “Acquisition”). Upon completion of the Acquisition, the Company held the entire issued share capital of Zhengzhou Yingrui.

Zhengzhou Yingrui is principally engaged in the property operating business. The Acquisition has been accounted for as a business acquisition using the acquisition method.

### Assets acquired and liabilities recognised at the date of Acquisition:

	HK\$'000 (Unaudited)
Investment properties	32,935
Rental deposits	326
Trade and other receivables	1,487
Bank balances and cash	3,611
Other payables	(3,384)
Contract liabilities	(2,460)
Lease liabilities	(17,985)
Deferred tax liabilities	(3,737)
	<hr/>
Identifiable net assets, at fair value	10,793
	<hr/>

\* For identification purpose only



**17. ACQUISITION OF A SUBSIDIARY** *(Continued)*

**Bargain purchase arose in the Acquisition:**

	HK\$'000 (Unaudited)
Identifiable net assets, at fair value	10,793
Less: Consideration paid in cash	<u>(217)</u>
Gain on bargain purchase arising on the Acquisition	<u>10,576</u>

Gain on bargain purchase arising on the Acquisition amounting to approximately HK\$10,576,000, is recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

**Net cash inflow arising on the Acquisition:**

	HK\$'000 (Unaudited)
Bank balances and cash acquired	3,611
Less: Consideration paid in cash	<u>(217)</u>
Net cash inflow arising on the Acquisition	<u>3,394</u>

Included in the profit for the period is approximately HK\$769,000 attributable to the additional property operating business generated by Zhengzhou Yingrui. Revenue for the period includes HK\$3,988,000 generated from Zhengzhou Yingrui.

Had the Acquisition been completed on 1 July 2024, revenue for the period of the Group would have been approximately HK\$91,192,000, and profit for the period of the Group would have been approximately HK\$27,570,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2024, nor is it intended to be a projection of future results.

In determining the pro forma revenue and profit of the Group had Zhengzhou Yingrui been acquired at the beginning of the current period, the directors of the Company calculated the pro forma revenue and profit using the results of Zhengzhou Yingrui and adjusting them for differences in the accounting policies between the Group and Zhengzhou Yingrui.

## 18. SHARE CAPITAL

	<b>31 December 2024 HK\$'000 (unaudited)</b>	30 June 2024 HK\$'000 (audited)
Authorised: 5,000,000,000 ordinary shares with HK\$0.01 each	<b>50,000</b>	50,000
Issued and fully paid: 2,688,805,163 ordinary shares with HK\$0.01 each	<b>26,888</b>	26,888

## 19. SHARE-BASED PAYMENTS

The Company adopts a share option scheme for eligible participants, including directors and employees of the Group and other participants. Details of the share options granted to the directors and employees of the Group outstanding during the period are as follows:

	<b>Number of share options</b>	
	<b>2024 '000</b>	2023 '000
Outstanding as at 1 July (audited)	<b>26,850</b>	28,930
Forfeited during the period	–	(2,080)
Outstanding as at 31 December (unaudited)	<b>26,850</b>	26,850

## 20. RELATED PARTY TRANSACTIONS

The remuneration of directors, being the key management personnel, during the period was as follows:

	<b>Six months ended 31 December</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Salaries and other benefits	<b>1,841</b>	1,151
Retirement benefit scheme contributions	<b>29</b>	9
	<b><u>1,870</u></b>	<u>1,160</u>

The remuneration of directors is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

In addition, other than those disclosed in note 11(b) and note 14 to the condensed consolidated financial statements, there are no other related party transactions.

## 21. EVENT AFTER THE REPORTING PERIOD

On 21 February 2025, Zhengzhou Yinghan Property Service Co., Ltd.\* (鄭州英瀚物業服務有限公司) entered into a supplemental agreement (the “Yinghan’s Supplemental Agreement”) with the landlord to amend the lease term under the lease agreement dated 28 November 2024 in respect of the leasing of 7 premises with a gross floor area of approximately 41,385 square meters in the Zhiyun City to 15 years. It is considered that a long-term lease agreement enhances certainty of the Group’s rights on the premises and avoids negotiation costs and expenses in renewing the lease agreement. It also reduces unpredictable outcome, such as failure in reaching an agreement on renewal and drastic increase in rental. The terms of the Yinghan’s Supplemental Agreement were determined after arm’s length negotiations between the parties. The Board considers that the terms of the Yinghan’s Supplemental Agreement are on normal commercial terms, fair and reasonable and the entering into the Yinghan’s Supplemental Agreement is in the interests of the Company and its shareholders as a whole. Please refer to the announcement of the Company dated 21 February 2025 for details.

\* For identification purpose only

## Management Discussion And Analysis

### OPERATIONAL AND FINANCIAL REVIEW

During the six months ended 31 December 2024 (the “Interim Period”), the Group was principally engaged in property operating business and cargo aircraft charter business. The Group recorded a revenue of approximately HK\$89,296,000 (2023: HK\$70,311,000) and a profit for the Interim Period of approximately HK\$26,654,000 (a loss in 2023: HK\$38,290,000).

### Property Operating Segment

The Group is engaged in property operating business through holding all equity interests in Zhengzhou Zhongyuan Jinyi Commercial Operation Management Co., Ltd.\* (“鄭州中原錦藝商業運營管理有限公司”) (“Zhongyuan Jinyi”), Zhengzhou Jinfu Commercial Management Co., Ltd.\* (“鄭州金福商業管理有限公司”) (“Zhengzhou Jinfu”) and Zhengzhou Xufu Commercial Operation Management Co., Ltd.\* (“鄭州旭福商業運營管理有限公司”) (“Zhengzhou Xufu”) in the People’s Republic of China (the “PRC”). The principal activity of Zhongyuan Jinyi, Zhengzhou Jinfu and Zhengzhou Xufu is property operating business.

The Group leased part of the Jiachao’s Shopping Mall, situated in Zhengzhou City, Henan Province, the PRC, from a landlord with a rental period to expire in the mid of 2036. As a result of certain areas of the Jiachao’s Shopping Mall involved in the litigation with a number of creditors of its landlord, the Group could not generate any income on such areas, therefore, the Group’s leased area of the Jiachao’s Shopping Mall was reduced from 125,188.32 square meters to 44,060.33 square meters (the “Remaining Area”) from June 2024 up to the date of reporting. Since the Remaining Area is part of the Jiachao’s Shopping Mall, if it is operated and managed by the same entity, the Remaining Area will benefit from promotional activities and events organised for the entire mall. If the Jiachao’s Shopping Mall is split and operated by different entities, it may become challenging to hold promotional activities and events simultaneously or with a unified theme. The style and positioning of the Remaining Area may differ from those of other parts of the Jiachao’s Shopping Mall, raising concerns about its ability to attract customer traffic if it is operated and promoted independently. The directors believe that it would be in the interests of the Company and its shareholders as a whole to sub-let the Remaining Area to the same management company who operates the other parts of the Jiachao’s Shopping Mall for purpose of a cohesive operation and promotion. Therefore, during the Interim Period, Zhongyuan Jinyi and the management company entered into a sub-lease agreement with a rental period to expire in the mid of 2036 whereby the Remaining Area is leased to that management company who would operate and manage the Remaining Area with the tenants while the Group would receive a fixed rental income from it without incurring operating and maintenance costs and expenses. Please also refer to the announcements of the Company dated 9 October 2024 and 21 February 2025 for details.

\* For identification purpose only

The Group leased the whole Zone C Shopping Mall, situated in Zhengzhou City, Henan Province, the PRC, from a number of landlords with a rental period to expire in the mid of 2036. The Zone C Shopping Mall is a 5-storey integrated commercial mall built over one level of basement commercial space with a gross floor area of approximately 80,118 square meters. The Zone C Shopping Mall is a shopping mall located adjacent to the Jiachao's Shopping Mall. The Group promoted and further rented out the Zone C Shopping Mall to various independent tenants under the respective tenancy agreements with a remaining term ranging from one year to eleven years. As of 31 December 2024, approximately 97 tenants and approximately 96.2% of the lettable area of the Zone C Shopping Mall had been leased out as retail shops and restaurants and/or for entertainment and leisure use. The Zone C Shopping Mall offers a wide range of services and goods including a cinema, an aquarium, a photo shop, a bookshop, jewelries, beauty shops, a electrical devices shop, car sales, international labels for fashion, fitness, lifestyle, casual wear/sport, kid's paradise, kid's learning and restaurants. Certain areas of the Zone C Shopping Mall are rented to tenants on short-term leases for use, including kiosks and booths of trendy and stylish items.

The Group further expanded its property operating business through its indirect wholly-owned PRC subsidiary which holds entire equity interests in Zhengzhou Yingrui Property Service Co., Ltd.\* (“鄭州英睿物業服務有限公司”) (“Zhengzhou Yingrui”) during the Interim Period. Zhengzhou Yingrui leased 42 units with a rental period to expire in the first half of 2027 and with a gross floor area of approximately 130,873 square meters in an industrial park, the Zhiyun City, located in Xinmi City, Zhengzhou City, Henan Province, the PRC. The Group promoted and further rented out the Zhiyun City to approximately 79 tenants and approximately 73.2% of the lettable area had been leased out as production, processing and sales of men's and women's shoes, processing and sales of shoe accessories and wholesale of groceries as of 31 December 2024.

The Group also enlarges in property operating business through holding all equity interests in Zhengzhou Yinghao Property Service Co., Ltd.\* (“鄭州英浩物業服務有限公司”) (“Zhengzhou Yinghao”) and Zhengzhou Yinghan Property Service Co., Ltd.\* (“鄭州英瀚物業服務有限公司”) (“Zhengzhou Yinghan”) during the Interim Period. Zhengzhou Yinghao leased 9 units with a rental period to expire in the mid of 2027 and with a gross floor area of approximately 40,142 square meters in the Zhiyun City. As of 31 December 2024, the Group promoted and further rented out the area leased by Zhengzhou Yinghao to approximately 180 tenants and approximately 52.3% of the lettable area had been leased out as wholesale of snacks, stationery and toys. And Zhengzhou Yinghan leased 7 units with a rental period to expire in the first half of 2039 and with a gross floor area of approximately 41,385 square meters in the Zhiyun City. As of 31 December 2024, the Group promoted and further rented out the area leased by Zhengzhou Yinghan to approximately 198 tenants and approximately 44.3% of the lettable area had been leased out as wholesale of snacks, stationery, toys, sugar and machinery.

\* For identification purpose only

The Group has an advantage of having an existing team of high-caliber and experienced management and staff to run the shopping mall and the industrial park together. As such, the extra costs for running the shopping mall and the industrial park have been minimal to the Group and the Group can generate considerable incomes from the provision of rental, management and operating services to tenants of the shopping mall and the industrial park. The larger the area of the shopping mall and the industrial park, the more the number of similar types of shops open, and thus more customers will be attracted by offering them a large diversity and well-known brand choices. Positive benefits and synergy effects on the customer flow and the tenant grade will be brought to the Group through management of the Zone C Shopping Mall and the Zhiyun City together, eventually contributing to affirmative revenue and profit margin of property operating business.

For the Interim Period, the Group recorded a revenue from the property operating business of approximately HK\$47,028,000 (2023: HK\$70,311,000), approximately 33.1% less than that in 2023 and the segment result of approximately HK\$21,706,000 (2023 segment loss: HK\$102,264,000). The decrease in revenue and the increase in segment result from the property operating segment during the Interim Period were due to certain areas of the Jiachao's Shopping Mall involved in the litigation with the landlord's creditors and that certain areas are relatively with low profit margin.

### **Cargo Aircraft Charter Segment**

During the Interim Period, the Group set up a non-wholly-owned Hong Kong subsidiary, Hainan-Hong Kong-Macau Aviation Development & Investment Holdings Limited\* (“瓊港澳航空發展投資有限公司”) (“HHM Aviation”), to operate and manage certain specified cargo aircraft charter businesses including but not limited to cargo arrangement from Hong Kong to Miami and other locations (“Cargo Aircraft Charter Business”). The Group successfully provides cargo aircraft chartering services from Hong Kong to Miami for the transportation of air cargoes. During the Interim Period, the Cargo Aircraft Charter Business recorded revenue of approximately HK\$42,268,000 and segment results of approximately HK\$138,000. Due to the influence of U.S. tariff policies, the global economy and cargo aircraft operations are facing uncertainties. The Group will continue to strengthen our business by expanding routes to mitigate market uncertainties and address the demand driven by global trade and e-commerce. The Board believes that the implementation of the Cargo Aircraft Charter Business will become a new revenue stream for the Group.

\* For identification purpose only

### **Profit for the Interim Period**

The Group's profit incurred for the Interim Period was approximately HK\$26,654,000 (loss in 2023: HK\$38,290,000). The profit margin was approximately 29.8% for the Interim Period (loss margin in 2023: 54.5%). Both increased significantly for the Interim Period mainly because of (i) a one-off gain on termination of lease of approximately HK\$302,912,000 and release of deferred tax liabilities upon derecognition of investment properties of approximately HK\$15,741,000, off-set by loss on derecognition of investment properties of approximately HK\$276,087,000; and (ii) gain on bargain purchase of a PRC subsidiary of approximately HK\$10,576,000.

### **Other Income and Other Gain and Loss**

Other income and other gain and loss for the Interim Period was approximately HK\$6,962,000 (2023: HK\$7,908,000), which comprised interest incomes and other kinds of incomes generated from property operating segment, such as car parking fees and other services provided to tenants. The decrease in other income and other gain and loss was mainly because interest income of rental deposits was reduced during the Interim Period.

### **Expenses**

Administrative expenses amounted to approximately HK\$17,468,000 (2023: HK\$11,380,000), representing approximately 19.6% (2023: 16.2%) of revenue for the Interim Period. Administrative expenses increased during the Interim Period due to more operating expenses incurred for both new property operating and cargo aircraft charter markets development.

Reversal of allowance for expected credit loss on rental deposits amounted to approximately HK\$6,740,000 (2023: HK\$132,000) for the Interim Period. Allowance for expected credit loss on rental deposits was provided in prior years due to the seizure and title transfer of certain areas of the Jiachao's Shopping Mall and the Zone C Shopping Mall by a number of banks and financial institutions as a result of the exercise of their rights under the pledges of the shopping malls created by their owners, which in turn increased the credit risk to a certain extent. Reversal of allowance for expected credit loss on rental deposits increased because during the Interim Period, the landlord of the Jiachao's Shopping Mall notified the Group that rental payment of the Remaining Area was offset by the rental deposit paid before.

The carrying value of the Group's investment properties, namely the Remaining Area of the Jiachao's Shopping Mall, the Zone C Shopping Mall and the Zhiyun City, as of 31 December 2024 of approximately HK\$406,702,000 (30 June 2024: HK\$568,817,000) was stated at fair value based on an independent valuation as at that date, which produced a loss on fair value changes of investment properties of approximately HK\$36,058,000 (2023: HK\$134,783,000). Decrease in the carrying value and the loss on fair value changes of investment properties was due to less areas of the Jiachao's Shopping Mall leased and operated by the Group and slow recovery of China's macro-economy during the Interim Period, particularly the real estate market. Some real estate companies still have financial pressure. Under the influence of multiple factors, the supply and demand ends of the commercial real estate market are still weak. As a result, the commercial rental performance decreased. The PRC government has made expanding domestic demand and increased customer consumption through some measures. In addition, customer consumption demands are constantly upgrading, and they pay more attention to consumption experience. The young customers (generation Z) prefer the integration of concepts such as green, health, humanities and art, which can fit their interests, hobbies and lifestyles. The Group has conducted large-scale marketing and promotional activities to fit and attract different kinds of customers.

Loss on derecognition of investment properties was approximately HK\$276,087,000 (2023: Nil) and gain on termination of lease was approximately HK\$302,912,000 (2023: Nil). As described above, since certain areas of the Jiachao's Shopping Mall were involved in litigation with a number of creditors of its landlord, the rental area of 81,127.99 square meters of the Jiachao's Shopping Mall was deducted during the Interim Period from the lease contract entered into with its landlord on 26 April 2021 in respect of the Jiachao's Shopping Mall with a rental area of 125,188.32 square meters. Simultaneously, the derecognition of investment properties and termination of lease was therefore caused during the Interim Period.

Gain on bargain purchase was approximately HK\$10,576,000 (2023: Nil) which was generated when a PRC subsidiary was acquired for less than its fair market value during the Interim Period, resulting in a gain to the Group.

Finance costs amounted to approximately HK\$12,951,000 (2023: HK\$18,964,000), representing approximately 14.5% (2023: 27.0%) of revenue for the Interim Period. Decrease in finance costs was mainly due to lease termination with respect to certain areas of the Jiachao's Shopping Mall involved in the litigation with a number of creditors of its landlord during the Interim Period.



### **Loan Receivables**

On 28 April 2021, an indirect wholly-owned PRC subsidiary of the Company entered into a loan agreement with Fujian Qiancheng Lujingguan Engineering Co., Ltd.\* (“福建千城綠景觀工程有限公司”), an independent third party, (the “Borrower”) pursuant to which, it was agreed to lend to the Borrower a loan in the principal amount of RMB250 million for a term of 12 months from the drawdown date at an interest of 7.5% per annum. During the year ended 30 June 2022, the principal amount was revised to RMB210 million, as well as the interest of 4.785% per annum. The Group keeps focusing its resources on property operating business and has no intention to commence money lending business. The Borrower approached the Group and looked for a source of financing. The entering into of the aforesaid loan agreement is due to (i) the surplus cash position of the Group; (ii) the interest income to be received by the Group; and (iii) the credit and repayment ability of the Borrower and its guarantor. On 29 June 2022, the parties agreed to extend the repayment date of the loan to 27 April 2023 (the “Renewed Loan”). Before extending the Renewed Loan, the Company has performed certain works to assess the credit risk and repayment ability of the Borrower and the guarantors and such works included (i) obtained and reviewed the latest management accounts of the Borrower then available; (ii) understood the updated business, operation and forecast of the Borrower; (iii) obtained and reviewed certain current business contracts of the Borrower and the guarantors; and (iv) conducted updated background and corporate searches of the Borrower and the guarantors.

During the year ended 30 June 2024, the Borrower settled RMB20 million and HK\$15 million after the maturity date on 27 April 2023. Since then, the Group had not received further payments of the remaining principal amount of approximately RMB145.7 million. In light of the deteriorating financial positions of the Borrower and the guarantors due to the weak property market and economy in the PRC, the directors consider that the credit risk of the Renewed Loan is high. Based on the advice of the PRC lawyer, legal actions will be taken against the Borrower and the guarantors. The litigation documents had filed to the competent court in the PRC in December 2024. The Company will make further announcement(s) on the updated status on the recovery of the Renewed Loan when and where appropriate. Please also refer to the announcements of the Company dated 28 April 2021, 13 May 2021, 19 November 2021, 27 May 2022, 29 June 2022, 23 February 2023, 6 December 2023 and 10 December 2024, as well as the circular of the Company dated 12 August 2022 for details.

\* For identification purpose only

There was no allowance or reversal of allowance for expected credit loss on loan receivables for the Interim Period (reversal of allowance in 2023: HK\$37,310,000) because of settlements of RMB20 million and HK\$15 million made by the Borrower during the six months ended 31 December 2023. The Renewed Loan had not been settled on its maturity date; hence, the Borrower was considered to be in default as of 28 April 2023, and therefore, that loan receivable was transferred to stage 3 or written-off during the year ended 30 June 2023 where lifetime expected credit loss was recognised. Moreover, there was no allowance for expected credit loss of another loan receivable of approximately HK\$16 million arranged during the year ended 30 June 2024 because of its pledged securities and subsequent settlement made after the reporting period.

### **Dividend**

The Board does not recommend the payment of an interim dividend for the Interim Period (2023: Nil).

### **EVENT AFTER THE REPORTING PERIOD**

Please refer to note 21 to the condensed consolidated financial statements for details.

### **FUTURE PLANS AND PROSPECTS**

In view of achieving the best interests of the Company and its shareholders as a whole, the Group has been putting effort on developing and expanding its operations of property operating business and cargo aircraft charter business. Substantial resources have been placed to explore prospects and develop relevant markets.

The Group targets to engage in the provision of rental, management and operating services to more tenants of different kinds of properties in various locations. The Group persists in upgrading the tenants of the leased properties by offering tenancies to more popular brands and diversifying the types of tenants to meet the needs and interests of customers from different ages and backgrounds. To achieve these aims, the Group conducts marketing and promotion activities to raise the popularity of the leased properties, paying close attention to the business operations, helping key merchants in time and following closely with market trends to make appropriate management decisions in a timely manner so that a stable and constant stream of income and consistent cash flow can be continuously generated to the Group.

The world keeps changing due to geopolitical tensions, regulatory changes and the high-interest-rate environment, of which, global economy in the coming year would still be highly variable and its pace of recovery from economic uncertainties continues to fluctuate. This poses a tremendous challenge to the Group. Nevertheless, the Group has been striving to use all its resources on hand flexibly to cope with the difficulties. By leveraging on the Group's current strategic plan and established strengths, experience and foresight, the Group continues to seize opportunities to penetrate different areas of the property operating market, explore other new market potential and increase profit margin.

The Group will continue to deploy its resources on the property operating business including but not limited to (i) apart from the current caliber management and competent employees of its subsidiaries, recruit more candidates with high-caliber and experience in property operating business; (ii) explore suitable properties to expand the Group's property management and operating portfolio; (iii) possible merger and acquisition of asset-light property operating business in the PRC so as to further expand the Group's property management and operating portfolio; and (iv) keep implementing conservative and stringent cost control policies to maintain sufficient working capital and alleviate the financial pressure on the property operating business by imposing control over operating costs and capital expenditures and strengthening accounts receivable management.

According to the National Bureau of Statistics, gross domestic product in 2024 was approximately RMB134.9 billion, representing an increase of approximately 5% to the corresponding period in 2023. The PRC government also gradually implemented policies to expand domestic demand for goods and services and promote consumption, which is expected to continue effectively to stimulate consumption potential, in particular household, promote the release of consumer demand, and thereby enhance merchant confidence. The shop leasing market in different cities is expected to continue to recover.

Looking forward, the Group continues to place on its property operating business by enhancing the value and economic returns of the existing leased properties, expanding the properties the Group operates and diversify the Group's business when and where opportunities arise. Due to the influence of U.S. tariff policies, the global economy and cargo aircraft operations are facing uncertainties. The Group will continue to strengthen its business by expanding routes to mitigate market uncertainties and address the demand driven by global trade and e-commerce. The Board believes that the implementation of the Cargo Aircraft Charter Business will become new revenue streams for the Group. By continually capturing opportunities for expansion and diversifying the Group's business with extra prudence in flexibility and efficiency in the management, decision-making and long-term strategy formulation, the market value of the Company and the return to its shareholders will be maximised in the long term.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2024, the Group had net current liabilities and total assets less current liabilities of approximately HK\$62,923,000 (30 June 2024: HK\$51,194,000) and HK\$407,517,000 (30 June 2024: HK\$571,561,000), respectively. The Group had maintained its financial position by financing its operations with internally generated resources and issue of bonds. As at 31 December 2024, the Group had cash and bank deposits of approximately HK\$35,974,000 (30 June 2024: HK\$40,239,000). The current ratio of the Group was approximately 57.0% (30 June 2024: 63.3%).

Total equity of the Group as at 31 December 2024 was approximately HK\$18,139,000 (total deficit as at 30 June 2024: HK\$7,938,000). As at 31 December 2024, two bonds (30 June 2024: two bonds) measured at amortised cost was approximately HK\$10,397,000 (30 June 2024: HK\$10,005,000) in aggregate, the gross debt gearing ratio (i.e. bonds/shareholders' fund) was approximately positive 57.3% (30 June 2024: negative 126.0%). The substantial shareholders have agreed to provide the Company with sufficient financial support to enable the Company to meet its obligations to third parties as and when they fall due and to continue as a going concern.

Though the return of funds has slowed down since 2020 as a result of the ongoing COVID-19 epidemic, the Group still has maintained and will continue to maintain a reasonable amount of working capital on hand in order to maintain its financial position, and sufficient resources are expected to be generated from its business operations and financial support from the substantial shareholders of the Company in meeting its short-term and long-term obligations.

## **FINANCING**

As at 31 December 2024, the Group had no banking facilities (30 June 2024: Nil). In addition, two bonds (30 June 2024: two bonds) amounted to approximately HK\$10,397,000 (30 June 2024: HK\$10,005,000) in aggregate, measured at amortised cost, were arranged with one (30 June 2024: one) independent third party.

The Board believes that the existing financial resources will be sufficient to meet future expansion plans and, if necessary, the Group will be able to obtain additional financing with favourable term.

## **CAPITAL STRUCTURE**

As at 31 December 2024, the share capital of the Company comprised ordinary shares only.

## **FOREIGN EXCHANGE RISK AND INTEREST RATE RISK**

During the Interim Period, the Group was not subject to any significant exposure to foreign exchange rates risk as most of its transactions were denominated in RMB and USD. Hence, no financial instrument for hedging was employed.

The Board monitors interest rate change exposure and may consider a hedging policy should the need arise.

## **CHARGE ON GROUP'S ASSETS**

As at 31 December 2024, the Group did not pledge any assets to any banks or financial institutions (30 June 2024: Nil).

### **STAFF POLICY**

The Group had 79 employees altogether in the PRC and Hong Kong as at 31 December 2024. The Group offers comprehensive and competitive remuneration, retirement schemes and benefit package to its employees. A discretionary bonus is offered to the Group's staff depending on their performance. The Group is required to make contribution to a social insurance scheme in the PRC. Moreover, the Group and its employees in the PRC are required to make respective contribution to fund the endowment insurance, unemployment insurance, medical insurance, employees' compensation insurance and birth insurance (for employers only) at the rates specified in the relevant PRC laws and regulations. The Group has adopted a provident fund scheme as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for its employees in Hong Kong.

The Group also provides periodic internal training to its employees.

Three independent non-executive directors are appointed by the Company for a term of one year commencing from 25 July, 19 September and 1 December each year respectively.

### **CONTINGENT LIABILITIES**

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities.

### **DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES**

As at 31 December 2024, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

### Long positions

*Ordinary shares of HK\$0.01 each of the Company*

<b>Name of director</b>	<b>Capacity</b>	<b>Number of issued ordinary shares held</b>	<b>Percentage of the issued share capital of the Company</b>
Mr. Chen Jinyan	Beneficial owner and held by controlled corporation <i>(Note)</i>	597,280,000	22.21%

*Note:*

Among the 597,280,000 shares, 593,480,000 shares are held by Fully Chain Limited, a company incorporated in the British Virgin Islands (the "BVI"), the entire issued share capital of which is beneficially owned by Mr. Chen Jinyan and 3,800,000 shares are held by Mr. Chen Jinyan.

Other than as disclosed above, none of the directors, chief executives or their associates had any interest or short positions in any shares or underlying shares of the Company or any of its associated corporations as at 31 December 2024.

### ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed “Share options” below, at no time during the Interim Period was the Company, its holding company, or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

### DIRECTORS’ INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Interim Period or at any time during the Interim Period.

### SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed in the section headed “Directors’ interests in shares and underlying shares” above, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

#### Long positions – Ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Ms. Lin Lin	Beneficial owner and interest in a controlled corporation ( <i>Note 1</i> )	369,100,000	13.73%
Mr. Chen Jinqing	Beneficial owner and interest in a controlled corporation ( <i>Note 2</i> )	188,315,000	7.00%
Dresdner VPV N. V.	Investment manager	139,755,200	5.20%

*Notes:*

- (1) Among the 369,100,000 shares, 324,340,000 shares are held by Jinjie Limited, a company incorporated in the BVI, the entire issued share capital of which is beneficially owned by Ms. Lin Lin and 44,760,000 shares are held by Ms. Lin Lin. Ms. Lin Lin is the sister-in-law of Mr. Chen Jinyan.
- (2) Among the 188,315,000 shares, 166,000,000 shares are held by Ultimate Name Limited, a company incorporated in the BVI, the entire issued share capital of which is beneficially owned by Mr. Chen Jinqing and 22,315,000 shares are held by Mr. Chen Jinqing. Mr. Chen Jinqing is the youngest brother of Mr. Chen Jinyan.

Other than disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2024.

## SHARE OPTIONS

The Company's share option scheme (the "Share Option Scheme") became effective on 23 November 2023. Particulars of the Share Option Scheme are set out in note 29 to the consolidated financial statements of the Company's 2024 annual report.

The following table disclosed movements in the Company's share options during the Interim Period:

Grantee	Date of grant	Exercise period	Exercise Price	Outstanding	Granted	Exercised	Forfeited	Lapsed	Outstanding
				at 1.7.2024	during the Interim Period	during the Interim Period	during the Interim Period	during the Interim Period	at 31.12.2024
			HK\$						
Employees	15.1.2018	15.1.2018 to 14.1.2028	0.430	26,850,000	-	-	-	-	26,850,000
<b>Granted Total</b>				<u>26,850,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,850,000</u>

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

During the Interim Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## CODE ON CORPORATE GOVERNANCE

The Company is committed to achieving the best corporate governance practices as a listed company. The Board believes that high standards and rigorous corporate governance practices can improve the accountability and transparency of the Company. Consequently, during the Interim Period, the Company complied with the Corporate Governance Code contained in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Group has adopted the Model Code set out in Appendix C3 of the Listing Rules as the code of conduct regarding directors' securities transactions. All directors have confirmed that they have complied with the required standard set out in the Model Code throughout the Interim Period.



The Company has also established written guidelines (the “Employees Written Guidelines”) no less exacting than the Required Standard of Dealings for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

### **AUDIT COMMITTEE**

The audit committee of the Company comprises three independent non-executive directors of the Company. The principal duties of the audit committee include the review of the Group’s financial reporting procedures, risk management and internal control and financial results. The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements of the Group for the Interim Period.

### **INDEPENDENT REVIEW**

The results for the Interim Period are unaudited, but have been reviewed by the independent auditors of the Company in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

By order of the Board

**Su Peixin**  
*Chairman*

Hong Kong

28 February 2025