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**APPLIED DEVELOPMENT HOLDINGS LIMITED**

**實力建業集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 519)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023**

The board (the “Board”) of directors (the “Directors”) of Applied Development Holdings Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2023 together with the comparative figures as follows:

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 31 December 2023*

		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2023</b>	<b>2022</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	2	<b>22,329</b>	70,606
Cost of sales		<b>(14,292)</b>	(55,011)
Gross profit		<b>8,037</b>	15,595
Other revenue	2	<b>71</b>	871
Other income		<b>655</b>	1,175
Net (loss) gain on disposal of financial assets at fair value through profit or loss (“FVPL”)		<b>(95)</b>	27
Net decrease in fair value of financial assets at FVPL		<b>(19,551)</b>	(9,124)
Net decrease in fair value of investment properties		<b>(3,586)</b>	(27,100)
Reversal of impairment loss on loans and interest receivables	11(b)	–	8,450
Selling expenses		<b>(1,684)</b>	(1,965)
Administrative expenses		<b>(14,820)</b>	(11,017)
Finance costs	4	<b>(5,145)</b>	(4,540)

		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2023</b>	<b>2022</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loss before taxation</b>	5	<b>(36,118)</b>	(27,628)
Taxation	6	<u>554</u>	<u>2,118</u>
<b>Loss for the period</b>		<b>(35,564)</b>	(25,510)
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
– Exchange differences arising on translation of foreign operations, net		<u>(3,797)</u>	<u>(21,948)</u>
<b>Total other comprehensive loss for the period, net of tax</b>		<u>(3,797)</u>	<u>(21,948)</u>
<b>Total comprehensive loss for the period</b>		<u><b>(39,361)</b></u>	<u>(47,458)</u>
<b>Loss attributable to:</b>			
Owners of the Company		(33,353)	(25,510)
Non-controlling interests		<u>(2,211)</u>	<u>–</u>
		<u><b>(35,564)</b></u>	<u>(25,510)</u>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		(37,150)	(47,458)
Non-controlling interests		<u>(2,211)</u>	<u>–</u>
		<u><b>(39,361)</b></u>	<u>(47,458)</u>
<b>Loss per share</b>	7		
Basic		<u><b>(1.24) HK cents</b></u>	<u>(1.02) HK cents</u>
Diluted		<u><b>(1.24) HK cents</b></u>	<u>(1.02) HK cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

		31 December 2023 <i>HK\$'000</i> (Unaudited)	30 June 2023 <i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Investment properties	8	329,744	280,900
Property, plant and equipment		67,094	68,285
Financial assets designated at fair value through other comprehensive income (“Designated FVOCI”)		119	119
		<b>396,957</b>	349,304
<b>Current assets</b>			
Properties held for sales	9	653,708	727,896
Financial assets at FVPL	10	126,140	147,172
Other receivables	11	28,422	33,426
Restricted bank deposits		21,611	21,411
Cash and cash equivalents		52,789	20,609
		<b>882,670</b>	950,514
<b>Current liabilities</b>			
Accounts and other payables	12	176,303	189,608
Interest-bearing borrowings		210,123	210,124
Tax payables		2,364	2,090
		<b>388,790</b>	401,822
<b>Net current assets</b>		<b>493,880</b>	548,692
<b>Total assets less current liabilities</b>		<b>890,837</b>	897,996
<b>Non-current liabilities</b>			
Deferred tax liabilities		91,493	95,849
		<b>91,493</b>	95,849
<b>Net assets</b>		<b>799,344</b>	802,147
<b>Capital and reserves</b>			
Share capital	13	30,551	25,051
Reserves		766,321	772,413
		<b>796,872</b>	797,464
Equity attributable to owners of the Company		796,872	797,464
Non-controlling interests		2,472	4,683
		<b>799,344</b>	802,147
<b>Total equity</b>		<b>799,344</b>	802,147

## NOTES

### 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements of Applied Development Holdings Limited (the “Company”) and its subsidiaries (the “Group”) for the six months ended 31 December 2023 (the “Interim Financial Statements”) are unaudited, but have been reviewed by the audit committee of the Company. These unaudited Interim Financial Statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 (renamed to Appendix D2 with effect from 31 December 2023) of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Accounting Standard (“HKAS”) No. 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants.

The Interim Financial Statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments which are measured at fair values.

The Interim Financial Statements should be read in conjunction with the Company’s consolidated financial statements for the year ended 30 June 2023 (“2023 Annual Financial Statements”). The accounting policies adopted in the Interim Financial Statements are consistent with those applied in the preparation of 2023 Annual Financial Statements, except for the adoption of the new/revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are relevant to the Group’s operation and are effective for the Group’s financial year beginning on 1 July 2023 as described below.

Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKFRS 17	Insurance Contracts
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

The adoption of these new/revised HKFRSs has no material impact on the Group’s results and financial position for the current or prior periods and does not result in any significant change in accounting policies of the Group.

## 2. REVENUE

	Six months ended	
	31 December	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Revenue</b>		
<i>Revenue from contracts with customers within HKFRS 15:</i>		
Sale of properties in the People's Republic of China ("PRC")		
– at a point in time and fixed price	<u>18,491</u>	<u>67,970</u>
<i>Revenue from other sources:</i>		
Gross rental income from investment properties	3,501	2,238
Interest income from financial assets at FVPL	225	226
Dividend income from financial assets at FVPL	<u>112</u>	<u>172</u>
	<u>3,838</u>	<u>2,636</u>
	<u>22,329</u>	<u>70,606</u>
<b>Other revenue</b>		
Bank interest income	71	203
Loan interest income	<u>–</u>	<u>668</u>
	<u>71</u>	<u>871</u>
<b>Total revenue</b>	<u><u>22,400</u></u>	<u><u>71,477</u></u>

## 3. SEGMENT INFORMATION

Management identifies operating segments based on internal reports that are regularly reviewed by the chief operating decision maker, who are the executive directors of the Company, for the purposes of allocating resources to segments and assessing their performance. The executive directors of the Company consider resort and property development, property investment and investment holding are the Group's major operating segments.

The resort and property development segment includes properties held for sales during the period. The property investment segment includes mainly commercial properties that are held for capital appreciation or earning rental income. The investment holding segment includes holding of investment funds, equity securities, debt instruments and other assets. No operating segments have been aggregated.

Segment revenue and results for the six months ended 31 December 2023 are presented below:

	<b>Resort and property development</b>	<b>Property investment</b>	<b>Investment holding</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue</b>	<b>18,491</b>	<b>3,501</b>	<b>337</b>	<b>22,329</b>
Other revenue and income	<u>147</u>	<u>387</u>	<u>5</u>	<u>539</u>
	<u><b>18,638</b></u>	<u><b>3,888</b></u>	<u><b>342</b></u>	<u><b>22,868</b></u>
<b>Results</b>				
Segment results	<u><b>2,856</b></u>	<u><b>(3,855)</b></u>	<u><b>(20,037)</b></u>	<b>(21,036)</b>
Unallocated corporate income				187
Unallocated corporate expenses				(10,124)
Finance costs				<u>(5,145)</u>
<b>Loss before taxation</b>				<b>(36,118)</b>
Taxation				<u>554</u>
<b>Loss for the period</b>				<u><b>(35,564)</b></u>

Segment assets and liabilities as at 31 December 2023 are presented below:

	<b>Resort and property development</b>	<b>Property investment</b>	<b>Investment holding</b>	<b>Segment total</b>	<b>Unallocated</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Assets</b>	<u><b>694,158</b></u>	<u><b>366,653</b></u>	<u><b>153,615</b></u>	<u><b>1,214,426</b></u>	<u><b>65,201</b></u>	<u><b>1,279,627</b></u>
<b>Liabilities</b>	<u><b>(260,158)</b></u>	<u><b>(208,656)</b></u>	<u><b>-</b></u>	<u><b>(468,814)</b></u>	<u><b>(11,469)</b></u>	<u><b>(480,283)</b></u>

Other segment information for the six months ended 31 December 2023 are presented below:

	Resort and property development <i>HK\$'000</i> (Unaudited)	Property investment <i>HK\$'000</i> (Unaudited)	Investment holding <i>HK\$'000</i> (Unaudited)	Segment total <i>HK\$'000</i> (Unaudited)	Unallocated <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
<b>Other segment information:</b>						
Net loss on disposal of financial assets at FVPL	-	-	(95)	(95)	-	(95)
Net decrease in fair value of financial assets at FVPL	-	-	(19,551)	(19,551)	-	(19,551)
Net decrease in fair value of investment properties	-	(3,586)	-	(3,586)	-	(3,586)
Depreciation – property, plant and equipment	(16)	-	(7)	(23)	(1,168)	(1,191)

Segment revenue and results for the six months ended 31 December 2022 are presented below:

	Resort and property development <i>HK\$'000</i> (Unaudited)	Property investment <i>HK\$'000</i> (Unaudited)	Investment holding <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
<b>Revenue</b>	67,970	2,238	398	70,606
Other revenue and income	413	316	75	804
	<u>68,383</u>	<u>2,554</u>	<u>473</u>	<u>71,410</u>
<b>Results</b>				
Segment results	<u>14,521</u>	<u>(26,585)</u>	<u>(9,556)</u>	(21,620)
Unallocated corporate income				9,692
Unallocated corporate expenses				(11,160)
Finance costs				<u>(4,540)</u>
<b>Loss before taxation</b>				(27,628)
Taxation				<u>2,118</u>
<b>Loss for the period</b>				<u>(25,510)</u>

Segment assets and liabilities as at 30 June 2023 are presented below:

	Resort and property development <i>HK\$'000</i> (Unaudited)	Property investment <i>HK\$'000</i> (Unaudited)	Investment holding <i>HK\$'000</i> (Unaudited)	Segment total <i>HK\$'000</i> (Unaudited)	Unallocated <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
<b>Assets</b>	<u>756,532</u>	<u>283,397</u>	<u>177,211</u>	<u>1,217,140</u>	<u>82,678</u>	<u>1,299,818</u>
<b>Liabilities</b>	<u>(280,966)</u>	<u>(204,275)</u>	<u>(160)</u>	<u>(485,401)</u>	<u>(12,270)</u>	<u>(497,671)</u>

Other segment information for the six months ended 31 December 2022 are presented below:

	Resort and property development <i>HK\$'000</i> (Unaudited)	Property investment <i>HK\$'000</i> (Unaudited)	Investment holding <i>HK\$'000</i> (Unaudited)	Segment total <i>HK\$'000</i> (Unaudited)	Unallocated <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
<b>Other segment information:</b>						
Additions to property, plant and equipment	7	-	-	7	-	7
Net gain on disposal of financial assets at FVPL	-	-	27	27	-	27
Net decrease in fair value of financial assets at FVPL	-	-	(9,124)	(9,124)	-	(9,124)
Net decrease in fair value of investment properties	-	(27,100)	-	(27,100)	-	(27,100)
Depreciation						
- property, plant and equipment	(14)	-	(8)	(22)	(1,166)	(1,188)
Reversal of impairment loss of loans and interest receivables	-	-	-	-	8,450	8,450
Write-off of property, plant and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>(4)</u>

There was no revenue generated from inter-segment transactions for both periods. Revenue from resort and property development segment reported above represents sale of properties in the PRC from external customers. Revenue from the property investment segment reported above represents rental income earned from external customers. Segment results represent profit or loss attributable to each segment without allocation of corporate income, central administration expenses, finance costs and income tax expenses/credit. Total assets and liabilities represent all assets and liabilities under each segment together with unallocated corporate assets and liabilities other than those that have been eliminated on consolidation.

## Geographical information

The Group's operations are principally located in Hong Kong and the PRC (other than Hong Kong).

The following table provides an analysis of the Group's revenue from external customers by geographical market. For interest income and dividend income from financial assets at FVPL, the analysis is based on the location of the markets of the respective investments.

	<b>Revenue by geographical market</b>	
	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Hong Kong	<b>2,627</b>	2,470
The PRC	<b>19,590</b>	68,023
Others	<b>112</b>	113
	<b><u>22,329</u></b>	<b><u>70,606</u></b>

The following is an analysis of the carrying amounts of non-current assets by geographical area in which the assets are located:

	<b>Carrying amounts of non-current assets</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2023</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Hong Kong	<b>344,843</b>	349,114
The PRC	<b>51,995</b>	71
	<b><u>396,838</u></b>	<b><u>349,185</u></b>

Non-current assets presented above exclude financial assets. The Group does not have deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

#### 4. FINANCE COSTS

	Six months ended	
	31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest expenses on bank and other borrowings	<u>5,145</u>	<u>4,540</u>

#### 5. LOSS BEFORE TAXATION

	Six months ended	
	31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the period is stated after charging (crediting):		
<b>Staff costs, including directors' emoluments</b>		
Salaries and other benefits	6,166	5,727
Retirement benefit scheme contributions	<u>242</u>	<u>350</u>
Total staff costs	<u>6,408</u>	<u>6,077</u>
<b>Other items</b>		
Cost of inventories	14,292	55,011
Depreciation		
– property, plant and equipment	1,191	1,188
Direct operating expenses relating to investment properties that did not generate rental income	424	125
Lease payments for short-term lease	–	17
Exchange (gain) loss	<u>(7)</u>	<u>58</u>

## 6. TAXATION

	Six months ended	
	31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Current tax</b>		
PRC Land Appreciation Tax	366	1,371
	366	1,371
<b>Deferred tax</b>		
Reversal of temporary differences	(920)	(3,489)
<b>Total income tax credit</b>	(554)	(2,118)

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes for the six months ended 31 December 2023 and 2022.

For the six months ended 31 December 2023, the PRC Enterprise Income Tax (“EIT”) in respect of operations in the PRC is calculated at a rate 25% (*six months ended 31 December 2022: 25%*) on the estimated assessable profits for the period based on existing legislation, interpretations and practices in respect thereof. EIT has not been provided for the six month ended 31 December 2023 and 2022 as the Group’s estimated assessable profits for the period are wholly absorbed by unrelieved tax losses brought forward from previous years.

The PRC Land Appreciation Tax (“LAT”) is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs, business tax and all property development expenditures. The Group has estimated, made and included in the income tax a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. Prior to the actual cash settlement of the LAT liabilities, the LAT provision is subject to the final review/approval by the tax authorities.

## 7. LOSS PER SHARE

The calculation of the basic loss per share for the six months ended 31 December 2023 is based on the loss attributable to equity holders of the Company of approximately HK\$33,353,000 (*six months ended 31 December 2022: HK\$25,510,000*) and on the weighted average of 2,693,420,956 (*six months ended 31 December 2022: 2,505,105,739*) ordinary shares of the Company in issue during the period.

The diluted loss per share is the same as the basic loss per share for the six months ended 31 December 2023 and 2022. The Company did not have any dilutive potential ordinary shares during the six months ended 31 December 2023 and 2022.

## 8. INVESTMENT PROPERTIES

	<b>31 December</b>	30 June
	<b>2023</b>	2023
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	(Audited)
<b>Fair value</b>		
At the beginning of the reporting period	<b>280,900</b>	295,100
Transfer from properties held for sales	<b>52,435</b>	–
Decrease in fair value	<b>(3,586)</b>	(14,200)
Exchange realignment	<b>(5)</b>	–
	<u>                    </u>	<u>                    </u>
Investment properties, at fair value	<b><u>329,744</u></b>	<b><u>280,900</u></b>

Properties held for sales with carrying value of HK\$52,435,000 were transferred to investment properties on commencement of operating leases with third parties in September 2023.

## 9. PROPERTIES HELD FOR SALES

	<b>31 December</b>	30 June
	<b>2023</b>	2023
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	(Audited)
Properties held for sales (“PHS”)	<b><u>653,708</u></b>	<b><u>727,896</u></b>

The PHS are located in the PRC and held under lease term of 40 years from 2014 to 2053.

As at 31 December 2023, certain PHS with carrying amounts of approximately RMB30,097,000 (equivalent to approximately HK\$32,878,000) (2022: RMB30,097,000 (equivalent to approximately HK\$32,884,000)) were frozen by the court in Wuxi, the PRC in relation to a claim against the Group, as further detailed in note 15 to this interim results announcement.

## 10. FINANCIAL ASSETS AT FVPL

		<b>31 December</b>	30 June
		<b>2023</b>	2023
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
Unlisted investment funds	<i>(a)</i>	<b>87,993</b>	92,500
Listed equity securities	<i>(b)</i>		
– Hong Kong		<b>34,337</b>	50,530
– the PRC		<b>2,054</b>	2,260
– Overseas		<b>726</b>	829
Listed debt instruments	<i>(c)</i>		
– Hong Kong		<b>668</b>	639
– Overseas		<b>362</b>	414
		<b>126,140</b>	147,172

### Notes:

(a) The unlisted investment funds mainly comprise:

- (i) As at 31 December 2023, the unlisted investment funds represented 100% Class A participating, redeemable, non-voting shares of Green Asia Restructure SP and 100% Class A participating, redeemable, non-voting shares of Green Asia Restructure SP II (collectively the “Green Asia Funds”) with carrying amount of approximately HK\$7,767,000 (30 June 2023: approximately HK\$7,767,000) and HK\$7,452,000 (30 June 2023: approximately HK\$7,452,000). The Green Asia Funds are segregated portfolios held by a third party of the Group, Green Asia Restructure Fund SPC, an exempted company incorporated in the Cayman Islands with limited liability (“Green Asia”), which were managed by a third party of the Group, Long Asia Asset Management Limited, a company incorporated in the Cayman Islands with limited liability.

Green Asia is registered as segregated portfolio company in the Cayman Islands. The investment objective of the Green Asia is capital appreciation by investing in the business of originating, underwriting, acquiring and trading debt securities and loans in listed and unlisted corporate, which may be publicly traded or privately placed.

On 18 January 2022, the Group issued redemption notices to Green Asia to redeem 4,200 Class A shares of the Green Asia Funds with aggregate redemption proceeds of HK\$30,497,000. In view of the failure in settlement of the redemption proceeds by Green Asia, the Group had filed petitions to the Grand Court of the Cayman Islands (the “Grand Court”) against Green Asia. Consequently, Mr. Lai Kar Yan and Mr. Chan Man Hoi of Deloitte Touche Tohmatsu and Mr. Michael Green of Deloitte & Touche LLP were appointed as joint and several receivers over the assets of the Green Asia Funds by the order from the Grand Court on 6 July 2022. HK\$21,918,000 (*30 June 2023: HK\$21,918,000*) of the redemption proceeds have been included and recognised as “other receivables” as at 31 December 2023.

As at 31 December 2023, the fair value of the Group’s investment in the Green Asia Funds amounted to approximately HK\$15,219,000 (*30 June 2023: HK\$15,219,000*), which was determined by the management with reference to the valuation report on Green Asia Funds issued by an independent professional valuer, APAC Appraisal and Consulting Limited, based on the net assets value of the Green Asia Funds as at 31 December 2023.

- (ii) As at 31 December 2023, included in the unlisted investment funds were 5,000,000 participating and non-voting shares of Jinshan Portfolio (the “Jinshan Portfolios”) at a total subscription amount of US\$5,000,000, which represented approximately 16.67% (*30 June 2023: 16.67%*) of Jinshan Portfolios under Huangpu River Capital SPC (the “Huangpu River Fund”).

The Huangpu River Fund is an exempted company incorporated with limited liability and registered as segregated portfolio company in the Cayman Islands. The investment objective of the Huangpu River Fund is capital appreciation by investing the series C preferred stock of Beijing Horizon Robotics Technology R&D Co., Ltd. which is principally engaged in the business of the development and manufacturing of intelligent processors based on artificial intelligence algorithms, the development of relevant software and hardware, and the provision of cloud services.

As at 31 December 2023, the fair value of the Group’s investment in the Huangpu River Fund amounted to approximately HK\$49,460,000 (*30 June 2023: approximately HK\$53,659,000*), which was based on the backsolve method under market approach evaluated by an independent professional valuer, AVISTA Valuation Advisory Limited.

- (b) The fair value of listed equity securities is based on quoted market prices in active market.

As at 31 December 2023, financial assets at FVPL with carrying amounts of approximately HK\$19,264,000 (30 June 2023: approximately HK\$27,244,000) are pledged as collateral to the margin loan facilities granted to the Group, together with a corporate guarantee provided by the Company. No margin loan facilities had been utilised and outstanding as at 31 December 2023 and 30 June 2023.

- (c) As at 31 December 2023, the Group held debt instruments listed in Hong Kong and overseas amounting to approximately HK\$668,000 (30 June 2023: approximately HK\$639,000) and HK\$362,000 (30 June 2023: approximately HK\$414,000), which bore fixed interest at 7.25% (30 June 2023: 7.25%) and 7.25% (30 June 2023: 7.25%) per annum respectively. The fair value of these debt instruments as at 31 December 2023 and 30 June 2023 was determined on the basis of quoted market price.

The above financial instruments were designated at fair value upon initial recognition as they are managed and evaluated on a fair value basis.

## 11. OTHER RECEIVABLES

		<b>31 December</b>	30 June
		<b>2023</b>	2023
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	(Audited)
Loans and interest receivables	<i>(a)</i>	<b>19,394</b>	19,394
Loss allowances	<i>(b)</i>	<b>(19,394)</b>	(19,394)
		<u>          —</u>	<u>          —</u>
Other receivables	<i>(d)</i>	<b>32,883</b>	33,247
Loss allowances	<i>(c)</i>	<b>(4,917)</b>	(4,917)
		<u>          27,966</u>	<u>          28,330</u>
Deposits, prepayments and other debtors		<u>          456</u>	<u>          5,096</u>
		<u><b>28,422</b></u>	<u><b>33,426</b></u>

Notes:

- (a) As at 31 December 2023, the loans with principal amount of HK\$19,394,000 (30 June 2023: HK\$19,394,000) granted to a third-party borrower, in which the spouse of Mr. Yuen Chi Ping, a former director of the Company, has equity interest and had been a director until she resigned on 14 December 2019, were unsecured and bearing fixed interest rate at 4% (30 June 2023: 4%) per annum. Pursuant to the extension arrangement 8 September 2021, the Group has agreed to further extend the repayment date in the following manner: (i) HK\$3,000,000 on or before 31 January 2022, which had been repaid during the year ended 30 June 2022; and (ii) the remaining balance on or before 30 September 2022.

The principal amount and interest receivables of HK\$8,450,000 had been settled during year ended 30 June 2023 and the remaining balance of HK\$19,394,000 was overdue. In view of the default in settlement of the remaining balance, the Group had filed petitions to the High Court of the Hong Kong Special Administrative Region in February 2023 for compulsory winding up of the borrower. On 20 September 2023, the court order to wind up the borrower was granted.

- (b) The movement in the loss allowances for the loans and interest receivables during the period/year is summarised below.

	<b>31 December 2023 HK\$'000 (Unaudited)</b>	30 June 2023 HK\$'000 (Audited)
Loss allowances for loans and interest receivables:		
At the beginning of the period/year	<b>19,394</b>	27,844
Decrease in allowances	<u>—</u>	<u>(8,450)</u>
At the end of the period/year	<b><u>19,394</u></b>	<b><u>19,394</u></b>

- (c) The movement in the loss allowances for other receivables during the period/year is summarised below.

	<b>31 December</b>	30 June
	<b>2023</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Loss allowances for other receivables:		
At the beginning of the period/year	<b>4,917</b>	5,274
Exchange realignment	<u>—</u>	<u>(357)</u>
At the end of the period/year	<b><u>4,917</u></b>	<b><u>4,917</u></b>

- (d) Included in the other receivables are the redemption proceeds of HK\$21,918,000 (30 June 2023: HK\$21,918,000) as detailed in note 10(a)(i) to this interim results announcement. The amounts of redemption proceed were unsecured, interest-free and repayable on demand.

## 12. ACCOUNTS AND OTHER PAYABLES

		<b>31 December</b>	30 June
		<b>2023</b>	2023
	<i>Note</i>	<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Audited)
<b>Accounts payables</b>			
To third parties	<i>(a)</i>	<u>137,169</u>	<u>145,690</u>
<b>Other payables</b>			
Accrued charges and other creditors		<b>18,446</b>	18,686
Deposits received		<b>151</b>	190
Contract liabilities	<i>(b)</i>	<u>20,537</u>	<u>25,042</u>
		<u>39,134</u>	<u>43,918</u>
		<b><u>176,303</u></b>	<b><u>189,608</u></b>

Notes:

- (a) The ageing analysis of accounts payables of the Group is presented based on recognition date at the end of the reporting period as follows:

	<b>31 December 2023 HK\$'000 (Unaudited)</b>	30 June 2023 HK\$'000 (Audited)
0-180 days	10,783	8,030
181-365 days	4,316	46,907
Over 365 days	122,070	90,753
	<u>137,169</u>	<u>145,690</u>

- (b) Contract liabilities represent sale proceeds received from customers in connection with the Group's pre-sale of properties. The deposit will be transferred to profit or loss when the Group's revenue recognition criteria are met.

### 13. SHARE CAPITAL

	<b>31 December 2023 (Unaudited)</b>		30 June 2023 (Audited)	
	Number of ordinary shares	HK\$'000	Number of ordinary shares	HK\$'000
<b>Authorised:</b>				
At 31 December 2023/30 June 2023, ordinary shares of HK\$0.01 each	<u>6,000,000,000</u>	<u>60,000</u>	<u>6,000,000,000</u>	<u>60,000</u>
<b>Issued:</b>				
At 30 June 2023/30 June 2022, ordinary shares of HK\$0.01 each	2,505,105,739	25,051	2,505,105,739	25,051
Issue of shares on 30 October 2023 (note)	550,000,000	5,500	–	–
At 31 December 2023/30 June 2023, ordinary shares of HK\$0.01 each	<u>3,055,105,739</u>	<u>30,551</u>	<u>2,505,105,739</u>	<u>25,051</u>

*Note:* On 26 July 2023, the Company entered into the subscription agreement with Ruixing Investments Limited (the “Subscriber”), a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Wu Zhanming, a substantial shareholder of the Company, pursuant to which the Company had conditionally agreed to allot and issue, and the Subscriber had conditionally agreed to subscribe for 550,000,000 new shares at HK\$0.068 per subscription share (the “Subscription”). A circular related to the Subscription had been despatched to shareholders of the Company on 28 September 2023. Upon completion of the Subscription on 30 October 2023, the issued share capital of the Company was increased from 2,505,105,739 shares to 3,055,105,739 shares.

The net proceeds will be used as follows: (i) approximately HK\$26,558,000 will be used for the general working capital of the Group; and (ii) approximately HK\$10,000,000 will be used for potential investment opportunities as identified by the Group from time to time.

#### **14. INTERIM DIVIDEND**

The directors of the Company do not recommend payment of an interim dividend for the six months ended 31 December 2023 (*six months ended 31 December 2022: Nil*).

#### **15. CONTINGENT LIABILITIES**

A wholly-owned subsidiary of the Company, Wuxi Shengye received a writ of summon issued by the People’s Court of Huishan District, Wuxi\* (無錫市惠山區人民法院) (the “Court”) regarding a civil litigation (the “Litigation”) filed by Mr. Su Keru (the “Plaintiff”) against Mr. Chen Yonghua (“Mr. Chen”) and Wuxi Shengye as the defendants in June 2023.

In the statement of claim, it was alleged that, among others: (i) in December 2013, the Plaintiff paid the deposits for construction works of RMB20,000,000 (equivalent to approximately HK\$21,848,000) to Mr. Chen and Mr. Chen failed to refund such deposits to the Plaintiff despite all conditions for refund had been satisfied; (ii) in July 2015, the Plaintiff provided a loan of RMB20,000,000 (equivalent to approximately HK\$21,848,000) to Mr. Chen and Mr. Chen failed to repay such loan; and (iii) in May 2017, Wuxi Shengye acknowledged that such deposits and loan (together, the “Alleged Debt”) were used in its development projects and agreed to repay the Alleged Debt jointly with Mr. Chen.

The Plaintiff is seeking from the Court for ordering that (i) Mr. Chen and Wuxi Shengye to jointly repay the Alleged Debt of RMB40,000,000 (equivalent to approximately HK\$43,696,000) together with interests of approximately RMB34,300,000 (equivalent to approximately HK\$37,469,000) (calculated up to 13 April 2023); and (ii) Mr. Chen and Wuxi Shengye to bear the costs of the Litigation. In this connection, the Court has issued an order for the seizure and freezing of the bank deposits and other assets of Mr. Chen and Wuxi Shengye as property preservation measures.

As at the date of this interim results announcement, no judgement has been received from the Court. The directors of the Company have sought advice from its PRC lawyer and are of the view that Wuxi Shengye has good grounds of defence because there is lack of legal or factual basis to support the Plaintiff’s claims. Therefore, no provision for repayment of the Alleged Debt and the related interests and costs is considered necessary.

\* *For identification purpose only.*

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2023 (*2022: nil*).

## **RESULTS**

The Company recorded a loss of HK\$35,564,000 for the six months ended 31 December 2023 as compared to the loss of HK\$25,510,000 for the six months ended 31 December 2022. The loss for the six months ended 31 December 2023 was mainly attributable to, among others, the net decrease in fair value of financial assets at fair value through profit or loss (“FVPL”) of HK\$19,551,000. The increase in loss was mainly due to, among others, net impact of (i) a decrease in gross profit from HK\$15,595,000 for the six months ended 31 December 2022 to HK\$8,037,000 for the six months ended 31 December 2023; (ii) an increase in fair value loss of financial assets at FVPL from HK\$9,124,000 for the six months ended 31 December 2022 to HK\$19,551,000 for the six months ended 31 December 2023; (iii) a reversal of impairment loss on loans and interest receivables of HK\$8,450,000 was recorded for the six months ended 31 December 2022, and no such item was recorded for the six months ended 31 December 2023; (iv) an increase in administrative expenses from HK\$11,017,000 for the six months ended 31 December 2022 to approximately HK\$14,820,000 for the six months ended 31 December 2023; and (v) a decrease in the fair value loss of the Group’s investment properties from HK\$27,100,000 for the six months ended 31 December 2022 to HK\$3,586,000 for the six months ended 31 December 2023. The Board wishes to emphasize that the above-mentioned factors (ii) and (v) are non-cash in nature.

## **BUSINESS REVIEW**

The Group’s principal business is resort and property development, property investment and investment holding.

## **Resort and property development**

The Group has acquired Wuxi Shengye Haigang Joint Stock Company Limited\* (無錫盛業海港股份有限公司) (“Wuxi Shengye”) in June 2017, the pre-sale of the properties under development commenced in October 2017, the construction of the first, second and third phase of the apartment portion were completed in the third quarter of 2019, 2020 and 2022 respectively. The whole project (the “Wuxi Property Project”) has completed as at 30 June 2023. Most of the apartment portion of first and second phase have been delivered to customers as at 30 June 2021. During the six months ended 31 December 2023, some apartments of the third phase were delivered to customers and recognised a revenue of HK\$18,491,000 with overall gross profit margin of 33% after reversing the revaluation consolidated adjustment. As at 31 December 2023, the contracted sales with the contracts signed but properties not yet delivered were HK\$22,867,000. Looking forward to 2024, although there are various factors, including government policies, economic conditions and market trends may affect the properties market in the PRC, it is hoped the Wuxi Property Project with its conditions of superior geographical location and property certificates can be sold gradually.

## **Property investment**

The Group commenced sub-division of the property of the whole 24th Floor, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong (the “Sub-division Properties”) in October 2018 and the sub-division was completed in February 2019. After the completion of sub-division, four units of the Sub-division Properties were sold in 2019.

The Sub-division Properties included three self-use units and fifteen leasing units. The fair value of the Group’s investment properties as at 31 December 2023 was HK\$329,744,000 (*30 June 2023: HK\$280,900,000*) which included HK\$51,944,000 of the car park of the Wuxi Property Project transferred from properties held for sales to investment properties during the six months ended 31 December 2023. The economy and properties market of Hong Kong are currently in the period of recovery after being hit by the coronavirus variants. The fair value of the Group’s investment properties decreased by HK\$3,586,000 for the six months ended 31 December 2023, as compared to HK\$27,100,000 for the six months ended 31 December 2022, showing that the decline has narrowed. It is emphasised that the fair value loss was non-cash in nature.

The Group’s investment properties contributed rental and management income of HK\$3,501,000 in total for the six months ended 31 December 2023 (*2022: HK\$2,238,000*). The Sub-division Properties have contributed stable returns to the Group in both periods. In addition, the newly leased car park of the Wuxi Property Project has brought in new revenue to the Group.

## **Investment holding**

The Group's investment strategy for its investment holding business is mainly to diversify its investments in unlisted investment funds, listed equity securities and listed debt instruments. For the six months ended 31 December 2023, the Group recorded interest and dividend income from financial assets at FVPL of HK\$337,000 (2022: HK\$398,000), net loss on disposal of financial assets at FVPL of HK\$95,000 (2022: net gain HK\$27,000) and a decrease in fair value of financial assets at FVPL of HK\$19,551,000 (2022: HK\$9,124,000). Details of the significant investments held by the Group for the six months ended 31 December 2023 are set out as follows:

### **1. *Green Asia Restructure SP and Green Asia Restructure SP II***

Since 2017, the Group invested in Green Asia Restructure SP and Green Asia Restructure SP II (collectively, the "Green Asia Funds"), both of which are segregated portfolios of Green Asia Restructure Fund SPC ("Green Asia"). The investment objective of the Green Asia Funds was capital appreciation by investing in the business of originating, underwriting, acquiring and trading debt securities and loans in listed and unlisted corporations, which may be publicly traded or privately placed.

On 18 January 2022, the Group issued redemption notices for an aggregated redemption amount of approximately HK\$30,497,000. Green Asia failed to pay the redemption amount to the Group, and as a result, the Group filed petitions for applications for the appointment of receivers over the assets of the Green Asia Funds with the Grand Court of the Cayman Islands (the "Cayman Court") on 19 May 2022 (Cayman Islands time). At the hearing of the petitions on 6 July 2022, Mr. Lai Kar Yan and Mr. Chan Man Hoi of Deloitte Touche Tohmatsu and Mr. Michael Green of Deloitte & Touche LLP were appointed as joint and several receivers over the assets of the Green Asia Funds by the order of the Cayman Court. For details, please refer to the announcement of the Company dated 23 May 2022.

Further, as disclosed in the announcement of the Company dated 3 April 2023, the Company has obtained its first dividend of HK\$8,579,000 declared by the Green Asia Funds. The recovery rate is about 28.13% of its claim of HK\$30,497,000 in respect of the admitted unsecured claims for the time being. As at the date of this interim results announcement, the assets realization procedure is in progress. The Company would continue its best endeavours to retrieve its investment in the Green Asia Funds. As at 31 December 2023, the Group held 11,756 shares and 5,289 shares in Green Asia Restructure SP and Green Asia Restructure SP II, respectively, representing 100% of the equity interests in both Green Asia Restructure SP and Green Asia Restructure SP II. As at 31 December 2023, the fair value of the Group's investment in Green Asia Restructure SP and Green Asia Restructure SP II was HK\$7,767,000 and HK\$7,452,000 respectively. The aggregate fair value of the Group's investments in the Green Asia Funds accounted for approximately 1.19% of the Group's total assets. The fair value of the Group's investment in the Green Asia Funds has not changed for the six months ended 31 December 2023 compared to such value as at 30 June 2023 as disclosed in the Company's Annual Report 2023 published on 30 October 2023. As at 31 December 2023, the investment cost in relation to the Green Asia Funds incurred by the Group was approximately HK\$134,503,000. During the six months ended 31 December 2023, the Group did not recognise gain or loss from the investment of the Green Asia Funds. After the dividend distributed from the joint and several receivers of the Green Asia Funds, the receivable balance of the Group from the Green Asia Funds was HK\$21,918,000.

**2. *Zall Smart Commerce Group Limited (“Zall Smart”)***

As at 31 December 2023, the Group held 119,465,000 ordinary shares of Zall Smart, representing approximately 0.96% of the total issued share capital of Zall Smart. The shares of Zall Smart are listed on Main Board of the Stock Exchange (stock code: 2098). Zall Smart and its subsidiaries are principally engaged in developing and operating of large-scale consumer product-focused wholesale shopping malls, and providing supply chain management and trading business, e-commerce services, financial services, warehousing and logistics services for the online and offline customers in the PRC. The acquisition cost of Zall Smart shares held by the Group as at 31 December 2023 was HK\$1.28 per share. As at 31 December 2023, the fair value of the Group's investment in Zall Smart was HK\$29,627,000, which amounted to 2.3% of the Group's total assets. During the six months ended 31 December 2023, the Group disposed of 4,411,000 shares of Zall Smart and recognised a loss on disposal of HK\$95,000, while the fair value of the Group's investment in Zall Smart decreased by HK\$14,575,000. Apart from that, the Group had not received and recognised any dividend or other investment income from its holding of Zall Smart's shares.

The remaining investments held by the Group mainly included unlisted investment funds, listed equity securities and listed debt instruments, each of which represented less than 5% of the Group's total assets as at 31 December 2023.

## **PROSPECTS**

With the implementation of China's economic stabilization policies since the second half of 2023, China's economy is gradually emerging from the three-year Coronavirus Disease 2019 pandemic, accelerating its recovery and steadily improving, and the economic development shows a good trend of rebound. However, the global external environment is complex and volatile, with inflation and geopolitical issues contributing to the continuing overall austerity, and the sales of some of the properties in the Wuxi Property Project of the Group continued to face challenges. Looking forward to 2024, in the face of diverse and complex external unfavorable factors, the Group will adhere to the overall idea of "stability", seek new development opportunities in "stability", strengthen its ability to grasp new opportunities, and continue to optimize the Group's asset structure and the quality of business development.

## **FINANCIAL REVIEW**

### **Revenue, cost of sales and gross profit margin**

The revenue of the Group decreased by HK\$48,277,000, or 68%, from HK\$70,606,000 for the six months ended 31 December 2022 to HK\$22,329,000 for the six months ended 31 December 2023. Most of revenue generated for the six months ended 31 December 2022 and 2023 was derived from resort and property development segment, the properties of Wuxi Shengye were delivered to customers and bringing in revenue. The revenue generated from resort and property development segment for the six months ended 31 December 2023 was HK\$18,491,000 (2022: HK\$67,970,000) and gross profit margin was 23% (2022: 19%). There was a decrease in revenue because the properties were delivered to customers in bulk for the six months ended 31 December 2022, while no bulk delivery was arranged for the six months ended 31 December 2023. The increase in gross profit margin was because the properties delivered for the six months ended 31 December 2023 included more retail shops which had higher selling price than the flats and lofts delivered for the six months ended 31 December 2022.

### **Net decrease in fair value of financial assets at FVPL**

Net decrease in fair value of financial assets at FVPL of the Group increased by HK\$10,427,000, or 114%, from HK\$9,124,000 for the six months ended 31 December 2022 to HK\$19,551,000 for the six months ended 31 December 2023. The fair value loss for both periods was mainly derived from decrease in the share price of Zall Smart's shares held by the Group. During the six months ended 31 December 2023, the fair value of the Group's investment in Zall Smart decreased by HK\$14,575,000 (2022: HK\$14,779,000). The increase in fair value loss of financial assets at FVPL mainly derived from the fair value change of Jinshan Portfolios held by the Group. During the six months ended 31 December 2023, the fair value of the Group's investment in Jinshan Portfolios decreased by HK\$4,199,000 (2022: increased HK\$11,668,000).

As at 31 December 2023, the fair value of the investment in Zall Smart was mainly based on quoted market prices in the active market. The fair value of the investment of Jinshan Portfolios was based on the back-solve method under the market approach evaluated by an independent professional valuer, AVISTA Valuation Advisory Limited ("AVISTA").

### **Net decrease in fair value of investment properties**

The net fair value loss of investment properties of the Group decreased from HK\$27,100,000 for the six months ended 31 December 2022 to HK\$3,586,000 for the six months ended 31 December 2023. The fair value of investment properties of the Group was determined with reference to the valuation conducted by an independent professional valuer, AVISTA. The valuer has adopted the direct comparison method for the valuation by comparing recent market evidence of similar properties located in the neighborhood area. The fair value of investment properties was affected by the economy and properties market of Hong Kong and the PRC. The overall trading volume and price of grade-A offices in Hong Kong are still affected by the aftermath of the Coronavirus Disease 2019 pandemic. The recovery of the property market is slower than expected.

### **Reversal of impairment loss on loans and interest receivables**

The Group recognised a reversal of impairment loss on loans and interest receivables of HK\$8,450,000 for the six months ended 31 December 2022, which was due to the partial repayments received from a debtor in such period. No repayment was received for the six months ended 31 December 2023. As mentioned in note 11(a) to the condensed consolidated financial statements of this interim results announcement, the loan with outstanding principal amount of HK\$19,394,000 was overdue, the Company has filed a winding-up petition against the debtor, and the court order was granted to the Company on 20 September 2023. The Company will continue its endeavour to collect the remaining balance from the debtor.

**Selling expenses**

Selling expenses of the Group decreased by HK\$281,000, or 14%, from HK\$1,965,000 for the six months ended 31 December 2022 to HK\$1,684,000 for the six months ended 31 December 2023. The selling expenses for the six months ended 31 December 2023 was mainly comprised of sales service and commission. The decrease in selling expenses was mainly due to less advertisement and consulting fee incurred for the six months ended 31 December 2023.

**Administrative expenses**

Administrative expenses of the Group increased by HK\$3,803,000, or 35%, from HK\$11,017,000 for the six months ended 31 December 2022 to HK\$14,820,000 for the six months ended 31 December 2023. The administrative expenses for the six months ended 31 December 2023 mainly comprised staff costs, legal and professional fees and depreciation. The increase in administrative expenses was mainly due to the subsidiary newly established for exploring the opportunities in the field of the autonomous driving technology and innovation.

**Finance cost**

Finance cost of the Group increased by HK\$605,000, or 13%, from HK\$4,540,000 for the six months ended 31 December 2022 to HK\$5,145,000 for the six months ended 31 December 2023. The increase in finance costs was due to the increase in effective interest rate. The management of the Group has continually monitored and assessed the interest rate risk, and may consider to reduce the loan amount or hedge the interest rate exposure when needed.

**Loss for the period**

Loss for the period of the Group increased by HK\$10,054,000, or 39%, from HK\$25,510,000 for the six months ended 31 December 2022 to HK\$35,564,000 for the six months ended 31 December 2023. The loss for the six months ended 31 December 2023 was mainly due to the net decrease in fair value of financial assets at FVPL of HK\$19,551,000. The Board would like to emphasize that such decrease in fair value was non-cash in nature.

## **Liquidity, financial resources and capital structure**

During the six months ended 31 December 2023, the Company successfully completed the allotment and issued 550,000,000 new shares under the specific mandate to the Subscriber at a price of HK\$0.068 per share on 30 October 2023 (the “Completion Date”), details of which are set out in the Company’s announcements dated 26 July 2023, 19 October 2023 and 30 October 2023, and the circular of the Company dated 28 September 2023. The net proceeds of the Subscription (the “Net Proceeds”) amounted to approximately HK\$36,558,000 were intended to be used as follows: (i) approximately HK\$26,558,000 will be used for the general working capital of the Group, which includes approximately HK\$10,000,000 for finance costs such as interest expenses on bank and other borrowing and approximately HK\$16,558,000 for administrative expenses such as staff costs, legal and professional fees and other expenses incurred in support of the operating activities, subject to actual business needs; and (ii) approximately HK\$10,000,000 will be used for potential investment opportunities in high-tech industries as identified by the Group from time to time. Depending on actual business needs, it is estimated that the Net Proceeds will be fully utilized in accordance with its intended purposes within the next two years from the Completion Date. Up to the date of 31 December 2023, approximately HK\$2,385,000 and HK\$3,801,000 of the Net Proceeds have been utilized as the Group’s finance costs and administrative expenses, respectively. As at 31 December 2023, the Net Proceeds of approximately HK\$30,372,000 have not been utilized. The Group used and proposes to use the Net Proceeds as previously disclosed by 31 October 2025.

As at 31 December 2023, the Group had current assets of HK\$882,670,000 (*30 June 2023: HK\$950,514,000*) and current liabilities of HK\$388,790,000 (*30 June 2023: HK\$401,822,000*), representing a current ratio of about 2.3 times (*30 June 2023: 2.4 times*). The Group’s total equity and the total bank and other borrowings as at 31 December 2023 amounted to HK\$799,344,000 (*30 June 2023: HK\$802,147,000*) and HK\$210,123,000 (*30 June 2023: HK\$210,124,000*) respectively, including HK\$37,933,000 which were repayable within one year, and HK\$172,190,000 which were repayable over one year but not exceeding two years (*30 June 2023: all of the bank and other borrowings of the Group were repayable within one year*). As the bank borrowings of HK\$172,190,000 contained a clause in its terms that gave the bank an overriding right to demand for repayment without notice as its sole discretion, the bank borrowing was classified as current liability. The gearing ratio of the Group as at 31 December 2023, calculated as a ratio of the total bank and other borrowings to total equity was approximately 26% (*30 June 2023: 26%*).

## **OPERATING SEGMENT INFORMATION**

Details of the operating segment information of the Group for the six months ended 31 December 2023 are set out in note 3 to the condensed consolidated financial statements of this interim results announcement.

## **CAPITAL COMMITMENTS**

The Group had no material capital commitments as at 31 December 2023 (*30 June 2023: nil*).

## **PLEDGE OF ASSETS**

As at 31 December 2023, the Group had provided the following securities for banking facilities granted to the Group:

- (i) pledge of leasehold land and buildings under investment properties and property, plant and equipment of the Group with carrying amount of HK\$277,800,000 and HK\$65,696,000 respectively (*30 June 2023: HK\$280,900,000 and HK\$66,630,000 respectively*);
- (ii) assignment agreements in respect of rental income of the Group's certain investment properties duly executed by the Group in favour of the bank; and
- (iii) assignment agreements in respect of insurance compensation of the Group's certain investment properties and leasehold land and buildings duly executed by the Group in favour of the bank.

As at 31 December 2023, the fair value of the financial assets at FVPL of HK\$19,264,000 (*30 June 2023: HK\$27,244,000*) was pledged as collateral to margin loan facilities granted to the Group with a corporate guarantee provided by the Company. No margin loan facility was utilised as at 31 December 2023 (*30 June 2023: nil*).

## **CONTINGENT LIABILITIES**

Details of contingent liabilities of the Group as at 31 December 2023 are set out in note 15 to the condensed consolidated financial statements of this interim results announcement.

## **HUMAN RESOURCES AND REMUNERATION POLICY**

As at 31 December 2023, the Group employed a total of 26 (*30 June 2023: 32*) employees and executive Directors. The Group's total staff costs including Directors' emoluments amounted to HK\$6,408,000 for the six months ended 31 December 2023 (*2022: HK\$6,077,000*). The remuneration packages for Directors and employees are normally reviewed annually and are structured with reference to market terms and individual competence, performance and experience. The Group also provides medical insurance coverage and operates a provident fund scheme or relevant fund scheme for its employees in Hong Kong and the PRC.

## **SUBSEQUENT EVENTS**

The Group has no material events subsequent to 31 December 2023 which were required to be disclosed as at the date of this interim results announcement.

## **CHANGES TO INFORMATION IN RESPECT OF DIRECTORS**

The change to information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rule is as below:

Mr. Yu Tat Chi, Michael has been appointed as an executive director of Sino Splendid Holdings Limited (a company listed on the Stock Exchange, stock code: 8006) with effect from 1 February 2024.

Except the above disclosures, there is no updated information of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

On 30 October 2023, the Company allotted and issued a total of 550,000,000 fully paid new shares of the Company by the way of subscription under the specific mandate at a price of HK\$0.068 per share.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2023.

## **CORPORATE GOVERNANCE**

The Board is committed to maintaining high standard of corporate governance practices at all times. The Board believes that good corporate governance helps the Company to safeguard the interests of the shareholders of the Company (the “Shareholders”) and to enhance the performance of the Group. The Company has adopted the Corporate Governance Code (the “CG Code”) set out in Appendix 14 (renamed to Appendix C1 with effect from 31 December 2023) to the Listing Rules as its own code of corporate governance.

The Company complied with all the applicable code provisions (the “Code Provisions”) of the CG Code as set out in Appendix C1 to the Listing Rules throughout the six months ended 31 December 2023, save for Code Provision C.2.1. Details of the deviation with reason is set out below:

Under Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the six months ended 31 December 2023, Mr. Wu Zhanming was the Chairman and acting chief executive officer of the Company (the “CEO”). The Board believes that the holding of both positions of Chairman and CEO by the same individual will not impair the balance of power and authority between the Board and the management of the Group because the balance of power and authority is governed by the operations of the Board which comprises experienced and high caliber individuals with demonstrated integrity. The Board will review the current structure from time to time and shall make necessary changes when appropriate and inform the Shareholders accordingly.

## **AUDIT COMMITTEE**

The unaudited condensed consolidated financial statements and interim results of the Company for the six months ended 31 December 2023 have been reviewed by the audit committee of the Company (the “Audit Committee”) and have been duly approved by the Board under the recommendation of the Audit Committee.

## **MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as set out in Appendix 10 (renamed to Appendix C3 with effect from 31 December 2023) to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries with the Directors, all the Directors have confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 31 December 2023.

## **PUBLICATION OF INFORMATION ON WEBSITES**

This interim results announcement is available for viewing on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.applieddev.com](http://www.applieddev.com).

By order of the Board  
**Applied Development Holdings Limited**  
**Wu Zhanming**  
*Chairman, Acting CEO and Executive Director*

Hong Kong, 28 February 2024

*As at the date of this announcement, the executive Directors are Mr. Wu Zhanming (Chairman and Acting CEO) and Mr. Wu Tao; and the independent non-executive Directors are Mr. Yu Tat Chi, Michael, Mr. Zhu Xinhui and Dr. Chan Kin Keung Eugene SBS, BBS, JP.*

\* *For identification purposes only*

*In the event of inconsistency, the English text of this announcement shall prevail over the Chinese text thereof.*