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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 30 JUNE 2024**

The board (the “Board”) of directors (the “Director(s)”) of Applied Development Holdings Limited (the “Company”) hereby announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the “Group”, “we” or “our”) for the financial year ended 30 June 2024 (“FY2024”) together with the comparative figures for the previous year prepared in accordance with the generally accepted accounting principles in Hong Kong as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	3	41,057	93,673
Cost of sales		<u>(19,427)</u>	<u>(70,170)</u>
Gross profit		21,630	23,503
Other revenue	3	382	966
Other income	4	2,459	2,623
Net gain (loss) on disposal of financial assets at fair value through profit or loss (“FVPL”)		738	(889)
Net decrease in fair value of financial assets at FVPL		(14,636)	(29,123)
Net increase (decrease) in fair value of investment properties	11	26,243	(14,200)
Reversal of impairment loss on loans and interest receivables	14(b)	–	8,450
Selling expenses		(3,890)	(2,639)
Administrative expenses		(27,919)	(26,096)
Research and development expenses		(93)	–
Other expenses	15(c)	(43,031)	–
Finance costs	6	<u>(10,098)</u>	<u>(9,429)</u>

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before taxation	7	(48,215)	(46,834)
Taxation	8	<u>(6,219)</u>	<u>3,168</u>
Loss for the year		<u>(54,434)</u>	<u>(43,666)</u>
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss</i>			
– Exchange differences arising on translation of foreign operations		(11,716)	(32,018)
<i>Item that will not be reclassified to profit or loss</i>			
– Change in fair value of financial assets at fair value through other comprehensive income (“Designated FVOCI”)		<u>(23)</u>	<u>(56)</u>
Total other comprehensive loss for the year		<u>(11,739)</u>	<u>(32,074)</u>
Total comprehensive loss for the year		<u>(66,173)</u>	<u>(75,740)</u>
Loss attributable to:			
Owners of the Company		(50,607)	(43,449)
Non-controlling interests		<u>(3,827)</u>	<u>(217)</u>
		<u>(54,434)</u>	<u>(43,666)</u>
Total comprehensive loss attributable to:			
Owners of the Company		(62,346)	(75,523)
Non-controlling interests		<u>(3,827)</u>	<u>(217)</u>
		<u>(66,173)</u>	<u>(75,740)</u>
Loss per share			
Basic	9	<u>(1.76) HK cents</u>	<u>(1.73) HK cents</u>
Diluted		<u>(1.76) HK cents</u>	<u>(1.73) HK cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Investment properties	<i>11</i>	407,624	280,900
Property, plant and equipment		66,332	68,285
Designated FVOCI		96	119
		<u>474,052</u>	<u>349,304</u>
Current assets			
Inventories		568	–
Properties held for sales	<i>13</i>	578,836	727,896
Financial assets at FVPL	<i>12</i>	124,844	147,172
Other receivables	<i>14</i>	25,427	33,426
Restricted bank deposits		22,275	21,411
Cash and cash equivalents		47,671	20,609
		<u>799,621</u>	<u>950,514</u>
Current liabilities			
Accounts and other payables	<i>15</i>	200,736	189,608
Interest-bearing borrowings	<i>16</i>	199,987	210,124
Tax payables		2,324	2,090
		<u>403,047</u>	<u>401,822</u>
Net current assets		<u>396,574</u>	<u>548,692</u>
Total assets less current liabilities		<u>870,626</u>	<u>897,996</u>

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Deferred tax liabilities	<u>98,094</u>	<u>95,849</u>
Net assets	<u>772,532</u>	<u>802,147</u>
Capital and reserves		
Share capital	30,551	25,051
Reserves	<u>741,125</u>	<u>772,413</u>
Equity attributable to owners of the Company	771,676	797,464
Non-controlling interests	<u>856</u>	<u>4,683</u>
Total equity	<u>772,532</u>	<u>802,147</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is Unit 2408A, 24th Floor, Tower 1, Lippo Centre, 89 Queensway, Hong Kong.

The consolidated financial statements are presented in Hong Kong Dollar (“HK\$”), which is the functional currency of the Company.

The Company acts as an investment holding company. The Group is principally engaged in resort and property development, property investment, investment holding and autonomous driving.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

Adoption of new/revised HKFRSs

Amendments to HKAS 1: Disclosure of Accounting Policies

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments have no effect on the measurement, recognition or presentation of any items in the consolidated financial statements. Management has reviewed the disclosure of accounting policy information and considered it is consistent with the amendments.

Amendments to HKAS 8: Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on recognition, give rise to equal taxable and deductible temporary differences.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

HKFRS 17: Insurance Contracts

HKFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued.

The core of HKFRS 17 is the general measurement model where estimates are re-measured in each reporting period. Under the model, contracts are measured based on discounted probability-weighted cash flows, an explicit risk adjustment for non-financial risk, and a contractual service margin representing the unearned profit of the contract which is recognised as revenue over the coverage period.

An optional, simplified premium allocation approach is permitted for certain types of contracts, such as short duration contracts.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts such as those with direct participation features. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendment to HKFRS 17: Initial Application of HKFRS 17 and HKFRS 9—Comparative Information

The amendment is a transition option relating to comparative information about financial assets presented on initial application of HKFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Future changes in HKFRSs

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
HKFRSs Amendments	Annual Improvement to HKFRS Accounting Standards – Volume 11 ³
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵

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

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

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

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

⁵ The effective date to be determined

The directors of the Company are in the process of assessing the possible impact on the future adoption of these new/revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the consolidated financial statements.

3. REVENUE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue		
<i>Revenue from contracts with customers within HKFRS 15:</i>		
Sale of properties in the People's Republic of China (the "PRC")		
– at a point in time and fixed price	27,885	88,186
Management fee income from investment properties – over time and fixed price	495	–
	<u>28,380</u>	<u>88,186</u>
<i>Revenue from other sources:</i>		
Gross rental income from investment properties	6,121	4,823
Gross rental income from property, plant and equipment	108	–
Interest income from financial assets at FVPL	450	452
Dividend income from financial assets at FVPL	5,998	212
	<u>12,677</u>	<u>5,487</u>
	<u>41,057</u>	<u>93,673</u>
Other revenue		
Bank interest income	380	296
Loan interest income	–	668
Other interest income	2	2
	<u>382</u>	<u>966</u>
	<u>41,439</u>	<u>94,639</u>

4. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Management fee income	1,416	1,237
Sundry income	1,043	1,386
	<u>2,459</u>	<u>2,623</u>

5. SEGMENT INFORMATION

Management identifies operating segments based on internal reports that are regularly reviewed by the chief operating decision makers, 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, investment holding and autonomous driving are the Group's major operating segments. The resort and property development segment includes properties under development and properties held for sales during the year. 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. The autonomous driving segment includes sale, lease out and development of autonomous driving robots and products which provide cleaning, patrol, distribution and transportation services, etc. No operating segments have been aggregated.

Segment revenue and results for the year ended 30 June 2024 are presented below:

	Resort and property development	Property investment	Investment holding	Autonomous driving	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	27,885	6,616	6,448	108	41,057
Other revenue and income	1,092	1,132	64	–	2,288
	<u>28,977</u>	<u>7,748</u>	<u>6,512</u>	<u>108</u>	<u>43,345</u>
Results					
Segment results	<u>(42,576)</u>	<u>28,999</u>	<u>(9,479)</u>	<u>(6,723)</u>	(29,779)
Unallocated corporate income					553
Unallocated corporate expenses					(8,891)
Finance costs					<u>(10,098)</u>
Loss before taxation					(48,215)
Taxation					<u>(6,219)</u>
Loss for the year					<u><u>(54,434)</u></u>

Segment assets and liabilities as at 30 June 2024 and other segment information for the year ended 30 June 2024 are presented below:

	Resort and property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Autonomous driving <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets	607,973	411,035	165,464	3,079	1,187,551	86,122	1,273,673
Liabilities	(292,818)	(194,295)	(873)	(700)	(488,686)	(12,455)	(501,141)
Other segment information:							
Additions to property, plant and equipment	8	-	50	27	85	-	85
Depreciation of property, plant and equipment	(34)	-	(15)	(35)	(84)	(2,327)	(2,411)
Net gain on disposal of financial assets at FVPL	-	-	738	-	738	-	738
Net decrease in fair value of financial assets at FVPL	-	-	(14,636)	-	(14,636)	-	(14,636)
Net increase in fair value of investment properties	-	26,243	-	-	26,243	-	26,243
Provision for a legal claim	(43,031)	-	-	-	(43,031)	-	(43,031)
Write-off of property, plant and equipment	-	-	(18)	-	(18)	-	(18)

Segment revenue and results for the year ended 30 June 2023 are presented below:

	Resort and property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	88,186	4,823	664	93,673
Other revenue and income	<u>1,392</u>	<u>965</u>	<u>100</u>	<u>2,457</u>
	<u><u>89,578</u></u>	<u><u>5,788</u></u>	<u><u>764</u></u>	<u><u>96,130</u></u>
Results				
Segment results	<u><u>5,546</u></u>	<u><u>(12,833)</u></u>	<u><u>(31,174)</u></u>	(38,461)
Unallocated corporate income				9,582
Unallocated corporate expenses				(8,526)
Finance costs				<u>(9,429)</u>
Loss before taxation				(46,834)
Taxation				<u>3,168</u>
Loss for the year				<u><u>(43,666)</u></u>

Segment assets and liabilities as at 30 June 2023 and other segment information for the year ended 30 June 2023 are presented below:

	Resort and property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets	<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>
Liabilities	<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:						
Additions to property, plant and equipment	7	–	–	7	25	32
Depreciation						
– Property, plant and equipment	(37)	–	(17)	(54)	(2,322)	(2,376)
Net loss on disposal of financial assets at FVPL	–	–	(889)	(889)	–	(889)
Net decrease in fair value of financial assets at FVPL	–	–	(29,123)	(29,123)	–	(29,123)
Net decrease in fair value of investment properties	–	(14,200)	–	(14,200)	–	(14,200)
Reversal of impairment loss on loans and interest receivables	–	–	–	–	8,450	8,450
Write-off of property, plant and equipment	<u>(4)</u>	<u>–</u>	<u>–</u>	<u>(4)</u>	<u>–</u>	<u>(4)</u>

There was no revenue generated from inter-segment transactions for both years. Revenue from resort and property development segment reported above represents sale of properties in the PRC to external customers. Revenue from the property investment segment and autonomous driving 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. 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.

All assets are allocated to the operating and reportable segments except for certain property and equipment of self-occupied properties, certain other receivables and certain cash and cash equivalents.

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 from financial assets at FVPL, the analysis is based on the location of the markets of the respective investments.

	Revenue by geographical market	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	11,349	5,415
The PRC	<u>29,708</u>	<u>88,258</u>
	<u>41,057</u>	<u>93,673</u>

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

	Carrying amounts of non-current assets	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	332,688	349,114
The PRC	<u>141,268</u>	<u>71</u>
	<u>473,956</u>	<u>349,185</u>

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

Information about major customers

None of the external customers contributed 10% or more of the revenue of the Group during the year ended 30 June 2023.

Dividend income from one of the unlisted investment funds classified as financial assets at FVPL contributed 14% of the revenue of the Group during the year ended 30 June 2024.

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest expenses on bank and other borrowings	<u>10,098</u>	<u>9,429</u>

7. LOSS BEFORE TAXATION

This is stated after charging (crediting):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Staff costs, including directors' emoluments		
Salaries and other benefits	12,248	11,709
Retirement benefit scheme contributions	<u>669</u>	<u>725</u>
Total staff costs	<u>12,917</u>	<u>12,434</u>
Other items		
Auditor's remuneration		
– Audit service	920	920
– Non-audit related service	135	95
Cost of inventories	18,565	70,170
Depreciation of property, plant and equipment	2,411	2,376
Direct operating expenses relating to investment properties that did not generate rental income	151	277
Exchange (gain) loss, net	(1)	164
Research and development costs	93	–
Provision for a legal claim (<i>note 15(c)</i>)	43,031	–
Write-off of property, plant and equipment	<u>18</u>	<u>4</u>

8. TAXATION

Hong Kong Profits Tax has not been provided as the Group incurred a loss for tax purpose for both years.

The PRC Enterprise Income Tax (“EIT”) in respect of operations in the PRC is calculated at a rate 25% (2023: 25%) on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof. EIT has not been provided for the year ended 30 June 2024 as the Group’s estimated assessable profits for the year are wholly absorbed by unrelieved tax losses brought forward from previous years. For the year ended 30 June 2023, EIT was not provided as the Group incurred a loss for tax purposes.

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 taxes and all property development expenditures. LAT is recognised as an income tax expense. LAT paid is deductible expenses for EIT purposes.

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
The net tax comprises:		
Current year		
LAT	525	1,730
Deferred taxation		
Provision for (Reversal of) temporary differences	<u>5,694</u>	<u>(4,898)</u>
Tax expenses (credit) for the year	<u><u>6,219</u></u>	<u><u>(3,168)</u></u>

9. LOSS PER SHARE

The calculation of the basic loss per share attributable to the equity holders of the Company is based on the following data:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company, for the purposes of calculating basic loss per share	<u>(50,607)</u>	<u>(43,449)</u>

	2024 <i>No. of shares</i>	2023 <i>No. of shares</i>
Weighted average number of ordinary shares for the purposes of calculating basic loss per share	<u>2,873,275,138</u>	<u>2,505,105,739</u>

For the years ended 30 June 2024 and 2023, diluted loss per share is the same as basic loss per share. The Company did not have any dilutive potential ordinary shares during the years ended 30 June 2024 and 2023.

10. DIVIDENDS

The Board does not recommend the payment of a dividend for the years ended 30 June 2024 and 2023.

11. INVESTMENT PROPERTIES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Fair value		
At the beginning of the reporting period	280,900	295,100
Transfer from properties held for sales	100,741	–
Increase (Decrease) in fair value, net	26,243	(14,200)
Exchange difference	<u>(260)</u>	<u>–</u>
At the end of the reporting period	<u>407,624</u>	<u>280,900</u>

Notes:

- (a) During the year, properties held for sales with carrying value of approximately RMB93,826,000 (equivalent to approximately HK\$100,741,000) were transferred to investment properties upon the commencement of operating leases entered with third parties.
- (b) At the end of the reporting period, the Group's investment properties with a carrying value of HK\$266,400,000 (2023: HK\$280,900,000) were pledged to secure bank borrowings (note 16(a)) and bank facilities granted to the Group.
- (c) The investment properties held at the end of both reporting periods were valued by AVISTA Valuation Advisory Limited, an independent professional valuer. The valuation, which conforms to the Hong Kong Institute of Surveyors Valuation Standards on Properties, was conducted on an open market basis by the direct comparison approach assuming sale with the benefit of vacant possession or by making reference to comparable sale evidence as available in the relevant market, or by the income approach based on capitalisation of rental income and reversionary income potential. Sales prices of comparable properties in close proximity adjusted for differences in key valuation attributes, such as size and age or market rental and inversely correlated to market yields were used to value the properties. The most significant input used in this valuation approach is price per square foot or square meter or market yields.

All of the Group's property interests held under leases to earn rental or for capital appreciation purposes are measured using the fair value model and are classified as investment properties.

- (d) The remaining unexpired lease term of the Group's investment properties located in Hong Kong, with carrying value of HK\$266,400,000 (2023: HK\$280,000,000) is 35 (2023: 36) years.
- (e) The investment properties transferred from properties held for sales with carrying value of approximately HK\$141,244,000 (2023: n/a) are located in the PRC and held under lease term of 40 years from 2014 to 2053 (2023: n/a). As at 30 June 2024, certain of these investment properties with carrying value of approximately RMB11,209,000 (equivalent to approximately HK\$12,035,000) (2023: n/a) were frozen by the court in Wuxi, the PRC in relation to a claim against the Group, as further detailed in note 15(c) to this announcement.

12. FINANCIAL ASSETS AT FVPL

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Unlisted investment funds	<i>(a)</i>	71,724	92,500
Listed equity securities	<i>(b)</i>		
– Hong Kong		49,528	50,530
– the PRC		1,970	2,260
– Overseas		536	829
Listed debt instruments	<i>(c)</i>		
– Hong Kong		667	639
– Overseas		419	414
		124,844	147,172

Notes:

(a) The unlisted investment funds mainly comprise:

- (i) At the end of the reporting period, 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 (the “Green Asia Funds”) with carrying amount of approximately HK\$3,835,000 (2023: *approximately HK\$7,767,000*) and HK\$3,250,000 (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 was 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 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 jointly and severally as receivers of the Green Asia Funds by the order from the Grand Court on 6 July 2022. HK\$21,918,000 (2023: *HK\$21,918,000*) of the redemption proceeds have been included and recognised as “other receivables” as at 30 June 2023 and 2024.

At the end of the reporting period, the fair value of the Group's investments in Green Asia Funds amounted to approximately HK\$7,085,000 (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 asset value of the Green Asia Funds at the end of the reporting period.

- (ii) At the end of the reporting period, 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% (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.

At the end of the reporting period, the fair value of the Group's investments in the Huangpu River Fund amounted to approximately HK\$47,065,000 (2023: 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 mainly based on quoted market prices in active market in both years.

At the end of the reporting period, financial assets at FVPL with carrying amounts of approximately HK\$20,921,000 (2023: HK\$27,244,000) were pledged as collateral to the margin loan facilities granted to the Group, together with a corporate guarantee provided by the Company. No (2023: No) margin loan facilities were utilised and outstanding at the end of the reporting period.

- (c) At the end of the reporting period, the Group held debt instruments listed in Hong Kong and overseas amounting to approximately HK\$667,000 (2023: HK\$639,000) and HK\$419,000 (2023: HK\$414,000) respectively, which bore fixed interest at 7.25% (2023: 7.25%) and 7.25% (2023: 7.25%) per annum respectively. The fair value of these debt instruments at the end of the reporting period was determined on the basis of quoted market price.

13. PROPERTIES HELD FOR SALES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Properties held for sales ("PHS")	578,836	800,289
Write-down to net realisable value	<u>–</u>	<u>(72,393)</u>
	<u>578,836</u>	<u>727,896</u>

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

The net realisable value of PHS was determined by the management with reference to the valuation performed by AVISTA Valuation Advisory Limited. The valuation adopted the residual method, which is based on the completed gross development value after deducting the estimated costs necessary to make the sale.

During the year, properties held for sales with carrying value of approximately RMB93,826,000 (equivalent to approximately HK\$100,741,000) were transferred to investment properties upon the commencement of operating leases entered with third parties.

As at 30 June 2024, certain PHS with carrying amounts of approximately RMB23,352,000 (equivalent to approximately HK\$25,073,000) (2023: 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(c) to this announcement.

As at 30 June 2024, certain PHS with carrying amounts of approximately RMB51,040,000 (equivalent to approximately HK\$54,802,000) (2023: n/a) were frozen by the court in Wuxi, the PRC in relation to a litigation against the Group, as further detailed in note 18 to this announcement.

14. OTHER RECEIVABLES

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Loans and interest receivables	<i>(a)</i>	19,394	19,394
Loss allowances	<i>(b)</i>	(19,394)	(19,394)
		<u>—</u>	<u>—</u>
Rental receivables		468	146
Other receivables	<i>(c)</i>	28,238	33,101
Loss allowances	<i>(b)</i>	(4,832)	(4,917)
		<u>23,874</u>	<u>28,330</u>
Deposits and prepayments		<u>1,553</u>	<u>5,096</u>
		<u>25,427</u>	<u>33,426</u>

Notes:

- (a) As at the end of the reporting period, the loans with principal amount of HK\$19,394,000 (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 interest-bearing at 4% (2023: 4%) per annum. Pursuant to the extension arrangement dated 8 September 2021, the Group had agreed to 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 the 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. On 24 January 2024, liquidators were appointed to handle the liquidation procedure.

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss allowances for loans and interest receivables		
At the beginning of the reporting period	19,394	27,844
Decrease in allowances	<u>—</u>	<u>(8,450)</u>
At the end of the reporting period	<u>19,394</u>	<u>19,394</u>

The movements in the loss allowance for the other receivables during the year are summarised below.

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss allowances for other receivables		
At the beginning of the reporting period	4,917	5,274
Exchange realignment	<u>(85)</u>	<u>(357)</u>
At the end of the reporting period	<u>4,832</u>	<u>4,917</u>

- (c) Included in the other receivables are the redemption proceeds of HK\$21,918,000 (2023: HK\$21,918,000) as detailed in note 12(a) to this announcement. The amounts of redemption proceeds were unsecured, interest-free and repayable on demand.

15. ACCOUNTS AND OTHER PAYABLES

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Accounts payable			
To third parties	<i>(a)</i>	<u>115,325</u>	<u>145,690</u>
Other payables			
Accrued charges and other creditors		23,769	18,686
Deposits received		133	190
Contract liabilities	<i>(b)</i>	18,753	25,042
Provision for a legal claim	<i>(c)</i>	<u>42,756</u>	<u>–</u>
		<u>85,411</u>	<u>43,918</u>
		<u>200,736</u>	<u>189,608</u>

Notes:

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0-180 days	2,393	8,030
181-365 days	10,410	46,907
Over 365 days	<u>102,522</u>	<u>90,753</u>
	<u>115,325</u>	<u>145,690</u>

(b) Contract liabilities

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At the beginning of the reporting period	25,042	86,368
Receipts in advance	7,290	5,314
Recognised as revenue	(13,184)	(62,508)
Exchange realignment	(395)	(4,132)
	<u>18,753</u>	<u>25,042</u>
At the end of the reporting period	<u>18,753</u>	<u>25,042</u>

At the end of the reporting period, none (2023: none) of the contract liabilities were expected to be settled after more than 12 months.

(c) The movements of the provision for a legal claim during the year are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At the beginning of the reporting period	–	–
Additional provision	43,031	–
Exchange realignment	(275)	–
	<u>42,756</u>	<u>–</u>
At the end of the reporting period	<u>42,756</u>	<u>–</u>

During the year ended 30 June 2023, a wholly-owned subsidiary of the Company, Wuxi Shengye Haigang Joint Stock Company Limited* (無錫盛業海港股份有限公司) (“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 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 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 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 was seeking from the Court for ordering that (i) Mr. Chen and Wuxi Shengye to jointly repay the Alleged Debt of RMB40,000,000 together with interests of approximately RMB39,642,000 (calculated up to 30 June 2024); 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.

During the year ended 30 June 2024, Wuxi Shengye received a civil judgement (the “Judgement”) issued by the Court which ruled that: (a) Mr. Chen shall repay the alleged debt of RMB40,000,000 together with interests to the Plaintiff immediately after the effective date of the Judgement; (b) if Mr. Chen is unable to repay the debt mentioned in (a), Wuxi Shengye shall assume compensation liability for 50% of the unpaid amounts and (c) all other claims filed by the Plaintiff were dismissed.

In May 2024, the Group had lodged an appeal against the Judgement (the “Appeal”) to the Intermediate People’s Court of Huishan District, Wuxi. As at the date of this announcement, the Appeal is pending for the hearing.

Based on the Judgement, 50% compensation liability payable of approximately RMB39,821,000 (equivalent to approximately HK\$42,756,000) was provided by Wuxi Shengye as of 30 June 2024.

* *For identification purpose only.*

16. INTEREST-BEARING BORROWINGS

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Current portion			
Bank borrowings, secured	<i>(a)</i>	192,190	202,190
Other borrowings, unsecured	<i>(b)</i>	<u>7,797</u>	<u>7,934</u>
		<u>199,987</u>	<u>210,124</u>

Notes:

- (a) At the end of the reporting period, the Group's bank borrowings carried interest at 2.25% above Hong Kong Interbank Offered Rate (2023: 2.25% above Hong Kong Interbank Offered Rate) and the effective interest rate during the year was 5.08% (2023: 4.24%) per annum. As of 30 June 2023, the bank borrowings were due for repayment in November 2023. During the year ended 30 June 2024, a renewal of the date of repayment was granted by the bank, as a result of which the outstanding balances as of 30 June 2024 were repayable in 4 tranches during July 2024 to November 2025.

As the bank borrowings contain a clause in their terms that gives the bank an overriding right to demand for repayment without notice at its sole discretion, the bank borrowings are classified as current liabilities even though the directors do not expect that the bank would exercise its rights to demand repayment before the scheduled due dates.

The bank borrowings are secured by the assets of the Group as follows:

- (i) pledge of investment properties and property, plant and equipment of the Group with carrying amounts of approximately HK\$266,400,000 (2023: HK\$280,900,000) and HK\$64,762,000 (2023: HK\$66,630,000) respectively;
 - (ii) assignment agreements in respect of rental income of the Group's investment properties located in Hong Kong duly executed by the Group in favour of the bank. During the year ended 30 June 2024, rental income of approximately HK\$5,330,000 (2023: approximately HK\$4,823,000) was generated from these investment properties; and
 - (iii) assignment agreements in respect of insurance compensation of the Group's investment properties located in Hong Kong duly executed by the Group in favour of the bank.
- (b) At the end of the reporting period, the Group's other borrowings were unsecured and interest-bearing at 10% (2023: 10%) per annum and repayable within twelve months.

17. COMMITMENTS

At the end of the reporting period, the Group had the following commitments for expenditure:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contracted but not provided for:		
– Air-conditioning work and electricity construction for the PHS	<u>20,556</u>	<u>19,667</u>

18. CONTINGENT LIABILITIES

In addition to the Litigation as disclosed in note 15(c) to this announcement, Wuxi Shengye received another writ of summon issued by the Court regarding a civil litigation (the “2nd Litigation”) filed by the Plaintiff against Wuxi Shengye as the defendant in February 2024.

In the statement of claim, the Plaintiff alleged that, among others: (i) on 12 November 2013, the Plaintiff, through Jiangsu Nantong Liujian Construction Group Company Limited* (江蘇南通六建建設集團有限公司) entered into a general contractor agreement with Wuxi Shengye for the construction project of the commercial complex at Liutan station of the Wuxi Metro line 1 (the “Project”) which was developed by Wuxi Shengye and the Plaintiff undertook the Project as the general constructor; (ii) the Project was completed and the parties had entered into a supplemental agreement on 28 March 2023 (the “Supplemental Agreement”) regarding the acceptance of the Project, settlement audit and payment of construction fees; (iii) Wuxi Shengye failed to complete the settlement audit of the Project and failed to pay the quality guarantee deposit and the outstanding construction fee in accordance with the Supplemental Agreement.

The Plaintiff is now seeking from the Court for ordering that Wuxi Shengye (i) to pay the quality guarantee deposit of RMB6,952,000 and the corresponding interest; (ii) to pay the outstanding construction fee of RMB51,425,240 (the “Alleged Outstanding Fees”) and the corresponding interest; and (iii) to bear the costs of the 2nd Litigation. In this connection, the Court has issued an order for the seizure and freezing of certain assets of Wuxi Shengye as property preservation measures.

The directors deny the allegations of the Plaintiff and Wuxi Shengye had arranged for the final settlement audit regarding the construction fees of the Project (the “Settlement Audit”). Up to the date of this announcement, the Group had already recorded sufficient accruals with respect of the outstanding construction fees for the Project. However, the Plaintiff did not agree with the results of the Settlement Audit without providing valid grounds and supporting documents for the Alleged Outstanding Fees.

With reference to a legal opinion from the PRC lawyer, the directors consider that no further provision for the Alleged Outstanding Fees and the related interests and costs is necessary.

* *For identification purpose only.*

FINAL DIVIDEND

The Board has resolved not to recommend a final dividend for FY2024 (*2023: Nil*).

RESULTS

During FY2024, the Company recorded a loss of approximately HK\$54,434,000, which was mainly due to the net impact of (i) HK\$43,031,000 litigation provision; (ii) the net decrease in fair value of financial assets at FVPL of HK\$14,636,000; and (iii) the net increase in fair value of investment properties of HK\$26,243,000.

BUSINESS REVIEW

The Group's principal businesses were resort and property development, property investment, investment holding and autonomous driving during FY2024.

Resort and Property Development

After the acquisition of Wuxi Shengye in June 2017, the pre-sale of the properties under development commenced in October 2017 and the construction of the whole project (the "Wuxi Property Project") has completed gradually as at 30 June 2023. Most of the apartment portion of the first and second phase have been delivered to customers as at 30 June 2021. During FY2024, some apartments of the third phase were delivered to customers and recognised a revenue of HK\$27,885,000 with an overall gross profit margin of 43% after reversing the evaluation consolidated adjustment. As at 30 June 2024, the sales amount with the contracts signed but properties not yet delivered were approximately HK\$20,147,000. Looking forward to 2025, 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, property certificates and new business model, 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. The Sub-division Properties included three self-use units and fifteen leasing units as at 30 June 2024. The fair value of the Sub-division Properties classified as investment properties as at 30 June 2024 was HK\$266,400,000 (*30 June 2023: HK\$280,900,000*). The properties market of Hong Kong had a short rebound after the reopening last year, but currently under an unstable condition due to the high-interest rate environment and unfavorable economic climate. The fair value of the Group's investment properties located in Hong Kong decreased by HK\$14,500,000 for FY2024 (*2023: HK\$14,200,000*). It is emphasised that the fair value loss was non-cash in nature.

During FY2024, the car park (“Car Park”) and partial commercial units (“Commercials”) of the Wuxi Property Project were leased out, and the fair values of Car Park and Commercials as at 30 June 2024 were HK\$50,636,000 and HK\$90,588,000 respectively.

The Group’s investment properties contributed rental and management income of HK\$6,616,000 in total for FY2024 (2023: HK\$4,823,000). The newly leased Car Park and Commercials have brought in new revenue to the Group for FY2024.

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 FY2024, the Group recorded interest and dividend income from financial assets at FVPL of HK\$6,448,000 (2023: HK\$664,000), net gain on disposal of financial assets at FVPL of HK\$738,000 (2023: net loss of HK\$889,000) and a net decrease in fair value of financial assets at FVPL of HK\$14,636,000 (2023: HK\$29,123,000). Details of the significant investments held by the Group for FY2024 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 Green Asia is 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.

During the financial year ended 30 June 2022, the Group made a partial redemption and received the redemption amount of approximately HK\$5,657,000 in September 2021. On 18 January 2022, the Group further 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 (the “Green Asia Funds Receivers”) 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, and 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 announcement, the assets realization procedure is in progress. The Company would continue to strive its best efforts to retrieve its investment in the Green Asia Funds.

As at 30 June 2024, the Group held 11,756 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 30 June 2024, the fair value of the Group's investment in Green Asia Restructure SP and Green Asia Restructure SP II was HK\$3,835,000 and HK\$3,250,000 respectively. The aggregate fair value of the Group's investment in the Green Asia Funds accounted for approximately 0.6% of the Group's total assets. During FY2024, the fair value of the Group's investment in the Green Asia Funds decreased by HK\$8,134,000. As at 30 June 2024, the investment cost in relation to the Green Asia Funds incurred by the Group was approximately HK\$134,503,000. During FY2024, the Group did not recognise gain or loss from the investment of the Green Asia Funds. After the dividend distributed from the Green Asia Funds Receivers, the receivable balance from the Green Asia Funds was HK\$21,918,000.

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

As at 30 June 2024, the Group held 102,647,000 ordinary shares of Zall Smart, representing approximately 0.8% of the total issued share capital of Zall Smart. The shares of Zall Smart are listed on the Main Board of the Stock Exchange (stock code: 2098). Zall Smart and its subsidiaries are principally engaged in developing and operating 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 online and offline customers in the PRC. The acquisition cost of Zall Smart's shares held by the Group as at 30 June 2024 was HK\$1.28 per share. As at 30 June 2024, the fair value of the investment in Zall Smart was approximately HK\$45,165,000, which represented approximately 3.5% of the Group's total assets. During FY2024, the Group disposed of 21,229,000 shares of Zall Smart and recognised a gain on disposal of HK\$776,000, while the fair value of the Group's investment in Zall Smart increased by HK\$7,185,000. 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 30 June 2024.

AUTONOMOUS DRIVING

In FY2024, seizing the market growth opportunities, the Group established an autonomous driving segment, focusing on the development of products and services related to autonomous driving technology in specific scenarios, such as patrol, transportation, logistics, sanitation and smart warehousing, etc. Rooted in Hong Kong, besides serving the local market, the Group also promotes the high technology products over the world.

Currently, the autonomous driving industry is rapidly developing in the PRC and globally, with unlimited potential. Participation in this section not only brings business opportunities for the Group's development but also strengthens business diversification for the Group.

Although this segment was newly set up in FY2024, it commenced its business in Hong Kong rapidly and brought in revenue to the Group. The autonomous driving segment is supported by a flexible revenue model that offers multiple options, such as direct sales, rent-to-buy, and subscription plans to cater diverse customer needs. We have already launched successful projects in one of Hong Kong's major estates, receiving positive feedback and high levels of interest. The products were powered by advanced technologies, including real-time sensor fusion, high-definition mapping, AI-based decision-making systems, and precision control algorithms, ensuring a safe and efficient performance. Looking ahead, we are committed to ongoing investment in research and development to maintain a competitive edge in the rapidly evolving autonomous driving market.

PROSPECTS

Looking back to 2023, the global economy has demonstrated remarkable resilience amidst ongoing turbulence. Despite the complex and ever-changing international situation, with geopolitical risks and uncertainties in the global economic recovery coexisting, the Group was able to move forward amidst the adversity with its prudent business strategies and flexible market responses.

1. Property Business

In the real estate segment, facing the severe challenges posed by the market environment in the past few years, the Wuxi Property Project, with the concerted efforts of all employees and the steadfast support of our partners, not only overcame the numerous difficulties brought by the pandemic, but also successfully completed the project's completion and acceptance work, which has enabled the project to enter into a new stage of development. We were fully aware that competition in the real estate industry is becoming increasingly fierce. Only by continuously innovating and improving product quality and service standards can we remain invincible in the market. Therefore, we will continue to optimize the layout of our projects and enhance our innovation to meet the diversified needs of the market.

2. Artificial Intelligence Business

The global market for artificial intelligence and autonomous robots (including autonomous driving technology) is expanding rapidly. The global robotics market was valued at US\$46 billion in 2023 and is expected to grow at a compound annual growth rate of 15.1%, reaching US\$169.8 billion by 2032.

Targeting market growth opportunities, we successfully established Novautek Autonomous Driving Limited ("Novautek Autonomous Driving") in 2023, dedicated to exploring and deploying in the field of artificial intelligence and autonomous driving technology innovation. This strategic move not only enriched the Group's business segment, but also injected a new impetus for our sustainable development in the future. Currently, Novautek Autonomous Driving is gradually opening up overseas markets for artificial intelligence robot applications, collaborating with top-tier artificial intelligence technology enterprises and utilizing leading autonomous driving technologies to jointly create globally competitive products and service and to promote high-tech products to the world.

3. Investment Business

In terms of investment, the Group keeps abreast of the times and actively explores development opportunities in emerging fields. The Group is committed to exploring the investments with future trends and seeking valuable investment opportunities to continuously increase shareholders' capital.

Looking ahead to 2024, we are fully aware that challenges and opportunities coexist. Against the backdrop of uncertainties in the global economic environment, the Group will maintain a high degree of strategic resolve, continue to deepen its internal management, optimize its asset structure and enhance its operational efficiency. With a more open mindset and a more pragmatic approach, we will actively respond to market changes and seek new growth opportunities. At the same time, we will also actively fulfill our social responsibilities and contribute our strength to the harmony and development of the society.

FINANCIAL REVIEW

Revenue, Cost of Sales and Gross Profit Margin

The revenue of the Group decreased by HK\$52,616,000, or approximately 56%, from HK\$93,673,000 for the financial year ended 30 June 2023 (“FY2023”) to HK\$41,057,000 for FY2024. The revenue for FY2024 became more diversified, not only including sales of properties, rental income from properties, dividend and interest income from financial assets at FVPL but also rental income from autonomous robotics, which was the newly setup segment during FY2024. Decrease in revenue was mainly due to less properties delivered to customers during FY2024. The revenue generated from resort and property development segment for FY2024 was HK\$27,885,000 (2023: HK\$88,186,000) and the gross profit margin was approximately 33% (2023: approximately 20%).

Net Gain (Loss) on Disposal of Financial Assets at FVPL

Net gain on disposal of financial assets at FVPL of the Group was HK\$738,000 for FY2024 (2023: net loss of HK\$889,000). There was no material gain or loss from disposal of a single investment for both FY2023 and FY2024.

Net Decrease in Fair Value of Financial Assets at FVPL

Net decrease in fair value of financial assets at FVPL of the Group decreased by HK\$14,487,000, or approximately 50%, from HK\$29,123,000 for FY2023 to HK\$14,636,000 for FY2024. The net decrease in the fair value of financial assets at FVPL for FY2024 was the net impact mainly derived from the decrease in the fair value of the investment in the Green Asia Funds in the amount of HK\$8,134,000, the decrease in the fair value of the investment in the Jinshan Portfolios in the amount of HK\$6,594,000 and the increase in the fair value of the investment in Zall Smart in the amount of HK\$7,185,000. Overall less decrease in fair value of financial assets at FVPL was mainly due to the increased stock price of Zall Smart during FY2024.

As at 30 June 2024, 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 in the Jinshan Portfolios was based on the back-solve method under the market approach evaluated by an independent professional valuer, AVISTA Valuation Advisory Limited (“AVISTA”).

The fair value of the Group’s investment in the Green Asia Funds was determined by the Directors with reference to the valuation report (the “Valuation Report”) on the investment in the Green Asia Funds issued by an independent professional valuer, APAC Appraisal and Consulting Limited (“APAC”), based on the net asset value of the Green Asia Funds at the end of FY2024.

As the valuation of the Green Asia Funds is dependent on the cash flows from their underlying investments, the discounted cash flow method was adopted in the Valuation Report to derive the present value of cash flows based on the settlement schedule in relation to the underlying investments of the Green Asia Funds and a recoverability assessment on the expected cash flows. APAC is of the view that the discounted cash flow method is appropriate to evaluate the fair value of a fund in the circumstances.

The key assumptions and inputs adopted by APAC in the Valuation Report were:

1. bond yields of CCC grade companies to derive the discount rate is about 21% to 22% for the cash flow receivables from the outstanding underlying investments of the Green Asia Funds; and
2. regarding the cash flow receivables whose settlements were not made before the valuation date, the recovery rate was 39.05%, which in turn was determined with reference to Moody’s Ultimate Recovery Database – Average debt recovery rates measured by ultimate recoveries, 1987-2023.

As at the date of this announcement, there are no subsequent changes to the valuation method as referred to above following its adoption.

The Board wishes to emphasize that the fair value loss on the investment in the Green Asia Funds and other financial assets is non-cash in nature. The net proceeds that the Group will be able to receive from its redemption of its investment in the Green Asia Funds will ultimately be determined by the results of the asset realization procedures undertaken by the Green Asia Funds Receivers.

Net Increase (Decrease) in Fair Value of Investment Properties

The Group recognized a net increase in fair value of investment properties of HK\$26,243,000 in FY2024 (*2023: net decrease of HK\$14,200,000*), net impact of the fair value loss of the Sub-division Properties in Hong Kong of HK\$14,500,000 and fair value gain of Car Park and Commercials of the Wuxi Property Project of HK\$40,743,000. 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 or income approach for the valuation by comparing recent market evidence of similar properties located in the neighborhood or capitalisation of rental income and reversionary income potential. The fair value of investment properties was affected by the economy and properties market of Hong Kong and the PRC.

The fair value of Hong Kong properties was reflected by the overall trading volume and price of grade-A offices in Hong Kong, which were still affected by the aftermath of the COVID-19 pandemic and high-interest rate environment. The recovery of the property market was slower than expected.

The fair value gain recorded for Car Park and Commercials of the Wuxi Property Project was mainly due to partial properties in the Wuxi Property Project were lease out to generate rental income during FY2024. This part of property recognized with its fair value instead of carrying value and recorded an unrealized fair value gain.

Reversal of Impairment Loss on Loans and Interest Receivables

The Group recognized a reversal of impairment loss on loans and interest receivables of HK\$8,450,000 for FY2023, which was due to the partial repayments received from a debtor in such period. No repayment was received for FY2024. As disclosed in the announcement of the Company dated 21 November 2022, except for the further repayment of HK\$9,119,000 received by the Group in July 2022, the principal amount of HK\$19,394,000 and the accrued interest of HK\$435,000 were still outstanding. Thus, the Company has presented a winding-up petition against the debtor, and the court order was granted to the Company on 20 September 2023 to winding up the debtor. Joint and several liquidators were appointed on 24 January 2024 to take over the debtor. The Company will continue its endeavour to collect the remaining balance.

Selling Expenses

Selling expenses of the Group increased by HK\$1,251,000, or approximately 47%, from HK\$2,639,000 for FY2023 to HK\$3,890,000 for FY2024. The selling expenses of FY2024 mainly comprised salaries and sales service fees. The increase in selling expenses was mainly due to the selling activities from newly setup autonomous driving segment in FY2024.

Administrative Expenses

Administrative expenses of the Group increased by HK\$1,823,000, or approximately 7%, from HK\$26,096,000 for FY2023 to HK\$27,919,000 for FY2024. Increase in administrative expenses was mainly due to cost incurred from the newly established subsidiary. The administrative expenses of FY2024 mainly comprised staff costs and legal and professional fees.

Other Expenses

Other expenses mainly included litigation provision of HK\$43,031,000 made based on the judgement issued from the court. As disclosed in the announcements of the Company dated 23 June 2023 and 29 May 2024, the Group has filed an appeal with the Intermediate People's Court of Wuxi City, Jiangsu Province* (江蘇省無錫市中級人民法院) against the judgment.

Finance Costs

Finance costs of the Group slightly increased by HK\$669,000, or approximately 7%, from HK\$9,429,000 for FY2023 to HK\$10,098,000 for FY2024. The increase in finance costs was due to the increase in the interest rate during FY2024.

Taxation

The Group recorded tax expenses of HK\$6,219,000 (2023: tax credit of HK\$3,168,000) for FY2024. The tax expenses of FY2024 mainly represented the deferred tax expenses provided for the fair value gain of the investment properties of the Wuxi Property Project. Tax credit for FY2023 mainly represented the reversal of temporary differences recognised for the fair value gain on the acquisition of the Wuxi Property Project when the properties were delivered to customers.

Loss for the Year

Loss for the year of the Group increased by HK\$10,768,000, or approximately 25%, from HK\$43,666,000 for FY2023 to HK\$54,434,000 for FY2024. The loss for the year for FY2024 was mainly due to the net impact of (i) HK\$43,031,000 litigation provision; (ii) the net decrease in fair value of financial assets at FVPL of HK\$14,636,000; and (iii) the net increase in fair value of investment properties of HK\$26,243,000.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2024, the Group had current assets of HK\$799,621,000 (2023: HK\$950,514,000) and current liabilities of HK\$403,047,000 (2023: HK\$401,822,000), representing a current ratio of approximately 2.0 times (2023: approximately 2.4 times). The Group's total equity and the total bank and other borrowings as at 30 June 2024 amounted to HK\$772,532,000 (2023: HK\$802,147,000) and HK\$199,987,000 (2023: HK\$210,124,000) respectively. The bank and other borrowings of the Group of approximately HK\$48,235,000 were repayable within one year and approximately HK\$151,752,000 were repayable over one year but not exceeding two years (2023: all are repayable within one year). The gearing ratio of the Group as at 30 June 2024, calculated as a ratio of the bank and other borrowings to the total equity, was approximately 26% (2023: approximately 26%).

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group for FY2024 are set out in note 5 to the consolidated financial statements of this announcement.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in the section headed "Business Review – Investment Holding" in this announcement, the Group did not have any significant investments, nor material acquisitions or disposals of subsidiaries, associates and joint ventures during FY2024.

There has been no formal plan authorised by the Board for any significant investments, nor material acquisitions or disposals of subsidiaries, associates and joint ventures as at 30 June 2024 and up to the date of this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have other future plans for material investments or capital assets during FY2024.

COMMITMENTS

Details of the commitments of the Group as at 30 June 2024 are set out in note 17 to the consolidated financial statements of this announcement.

PLEDGE OF ASSETS

As at 30 June 2024, 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 properties, plant and equipment of the Group with carrying amounts of HK\$266,400,000 and HK\$64,762,000 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 investment properties located in Hong Kong duly executed by the Group in favour of the bank; and
- (iii) assignment agreements in respect of insurance compensation of the Group's investment properties located in Hong Kong and leasehold land and building duly executed by the Group in favour of the bank.

As at 30 June 2024, the carrying value of the financial assets at FVPL of approximately HK\$20,921,000 (*2023: approximately HK\$27,244,000*) was pledged as collateral to the margin loan facilities granted to the Group with corporate guarantee provided by the Company. No margin loan facilities were utilised as at 30 June 2024 (*30 June 2023: Nil*).

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group as at 30 June 2024 are set out in note 18 to the consolidated financial statements of this announcement.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2024, the Group employed a total of 32 (*2023: 32*) full-time employees and executive Directors. The Group's total staff costs including Directors' emoluments amounted to HK\$12,917,000 for FY2024 (*2023: HK\$12,434,000*). 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 30 June 2024 which were required to be disclosed as at the date of this announcement.

USE OF PROCEEDS FROM THE SUBSCRIPTION

During FY2024, the Company successfully completed the allotment and issued 550,000,000 new shares under the specific mandate to Ruixing Investments Limited (the “Subscriber”) at a price of HK\$0.068 per share (the “Subscription”) on 30 October 2023 (the “Completion Date”), details of which are set out in the announcements of the Company dated 26 July 2023, 19 October 2023 and 30 October 2023, and the circular of the Company dated 28 September 2023 (the “Documents of Subscription”). 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 the Group’s 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.

As of the date of this announcement, there was no change in the intended use of Net Proceeds and the expected timeline as previously disclosed in the Documents of Subscription.

The following table sets forth a summary of the utilization of the Net Proceeds as of 30 June 2024:

Purposes	% of the Net Proceeds	Amount available for utilization	Net Proceeds (HK\$)		Expected timeline for full utilization of the remaining Net Proceeds
			Actual amount utilized during FY2024	Unutilized amount as of 30 June 2024	
For working capital of the Group					
– For finance costs	27.35%	10,000,000	6,779,000	3,221,000	30 October 2025
– For administrative expenses	45.30%	16,558,000	8,213,000	8,345,000	30 October 2025
For potential investment opportunities in high-tech industries as identified by the Group					
	<u>27.35%</u>	<u>10,000,000</u>	<u>0</u>	<u>10,000,000</u>	30 October 2025
Total	<u>100%</u>	<u>36,558,000</u>	<u>14,992,000</u>	<u>21,566,000</u>	

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 (including sale of treasury shares) during FY2024. The Company did not hold any treasury shares as of 30 June 2024.

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 as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) (the “CG Code”) as its own code of corporate governance.

The Company complied with all the applicable code provisions (the “Code Provision(s)”) of the CG Code throughout FY2024, save for Code Provision C.2.1 of the CG Code. Details of the deviation with reason is set out in the paragraph 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.

The chief executive officer of the Company (the “CEO”) is responsible for day-to-day management of the business of the Group, whilst the chairman of the Board (the “Chairman”) provides leadership for the Board to ensure that the Board acts diligently and in the best interests of the Group, and that meetings are planned and conducted effectively. The Chairman is also responsible for approving the agenda for each Board meeting, taking into account, where appropriate, matters proposed by the Directors. The Chairman also actively encourages the Directors to make full contributions and actively participate in the Board’s affairs. It is also the responsibility of the Chairman to ensure that good corporate governance practices and procedures are established.

During FY2024, Mr. Wu Zhanming was the Chairman and acting 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 Company 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.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “Model Code”) as its own code of conduct regarding securities transactions by Directors. Having made specific enquiries with the Directors, all Directors have confirmed that they had complied with the required standards as set out in the Model Code during FY2024.

AUDIT COMMITTEE

The consolidated financial statements and annual results of the Company for FY2024 have been reviewed by the audit committee of the Company (the “Audit Committee”) before they are duly approved by the Board under the recommendation of the Audit Committee.

SCOPE OF WORK OF FORVIS MAZARS CPA LIMITED

The figures in respect of the Company’s consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for FY2024 as set out in the preliminary announcement have been agreed by the Company’s auditor, Forvis Mazars CPA Limited (“Forvis Mazars”), to the amounts set out in the Company’s draft consolidated financial statements for FY2024.

The work performed by Forvis Mazars in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Forvis Mazars on the preliminary announcement.

PUBLICATION OF INFORMATION ON WEBSITES

This annual results announcement is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.applieddev.com.

By order of the Board

Applied Development Holdings Limited

Wu Zhanming

Chairman, Acting CEO and Executive Director

Hong Kong, 27 September 2024

As at the date of this announcement, the Executive Directors are Mr. Wu Zhanming (Chairman and Acting CEO) and Mr. Wu Tao; the Non-executive Director is Dr. Chan Kin Keung Eugene SBS, BBS, JP; and the Independent Non-executive Directors are Mr. Yu Tat Chi, Michael, Mr. Jiang Pengzhi and Mr. Yang Ye.

* *For identification purposes only*

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