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PALADIN LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 495)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 JUNE 2024

The board of directors (the “Board”) of Paladin Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ended 30 June 2024 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Revenue	3	22,733	18,386
Cost of sales and service		<u>(9,142)</u>	<u>(8,293)</u>
Gross profit		13,591	10,093
Other income	5	314	404
Other gains and losses	6	(96,558)	4,782
Administrative and other operating expenses		<u>(44,800)</u>	<u>(52,846)</u>
Loss from operations		(127,453)	(37,567)
Finance costs	7	<u>(5,577)</u>	<u>(4,180)</u>
Loss before tax		(133,030)	(41,747)
Income tax expense	8	<u>(379)</u>	<u>(17)</u>
Loss for the year		<u>(133,409)</u>	<u>(41,764)</u>

	Note	2024 HK\$'000	2023 HK\$'000
Other comprehensive income:			
<i>Items that reclassified or may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(493)	(405)
Release of exchange reserve upon dissolution of subsidiaries		<u>(1,965)</u>	<u>–</u>
Other comprehensive income for the year, net of tax		<u>(2,458)</u>	<u>(405)</u>
Total comprehensive income for the year		<u>(135,867)</u>	<u>(42,169)</u>
Loss for the year attributable to:			
Owners of the Company		(130,130)	(37,221)
Non-controlling interests		<u>(3,279)</u>	<u>(4,543)</u>
		<u>(133,409)</u>	<u>(41,764)</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		(132,419)	(37,216)
Non-controlling interests		<u>(3,448)</u>	<u>(4,953)</u>
		<u>(135,867)</u>	<u>(42,169)</u>
Loss per share			
	9		
Basic (<i>HK cents per share</i>)		<u>(9.29)</u>	<u>(2.66)</u>
Diluted (<i>HK cents per share</i>)		<u>(9.29)</u>	<u>(3.08)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2024

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Non-current assets			
Investment properties		417,700	518,000
Property, plant and equipment		204,037	216,935
Right-of-use assets		–	–
Goodwill		–	–
Other intangible assets		–	–
Financial assets at fair value through profit or loss ("FVTPL")		<u>37,255</u>	<u>36,518</u>
Total non-current assets		<u>658,992</u>	<u>771,453</u>
Current assets			
Inventories		4,281	4,708
Trade and other receivables	11	5,945	5,055
Bank and cash balances		<u>36,250</u>	<u>44,709</u>
Total current assets		<u>46,476</u>	<u>54,472</u>
Current liabilities			
Trade and other payables	12	14,078	14,330
Contract liabilities		85	31
Due to related parties		13,480	17,051
Secured bank borrowings		104,489	81,209
Convertible notes		7,279	11,110
Other borrowings		1,707	–
Current tax liabilities		<u>236</u>	<u>75</u>
Total current liabilities		<u>141,354</u>	<u>123,806</u>
Net current liabilities		<u>(94,878)</u>	<u>(69,334)</u>
Total assets less current liabilities		564,114	702,119
Non-current liabilities			
Other borrowings		<u>20,705</u>	<u>22,843</u>
NET ASSETS		<u>543,409</u>	<u>679,276</u>

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
CAPITAL AND RESERVES		
Share capital	14,013	14,014
Reserves	562,490	696,918
	<hr/>	<hr/>
Equity attributable to owners of the Company	576,503	710,932
Non-controlling interests	(33,094)	(31,656)
	<hr/>	<hr/>
TOTAL EQUITY	543,409	679,276
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and with the disclosure requirements of the Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

The Group incurred a loss of approximately HK\$133,409,000 during the year ended 30 June 2024 and, as of that date, the Group had net current liabilities of approximately HK\$94,878,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have estimated the Group’s cash requirements by preparing a Group cashflow forecast for the 18 months ending 31 December 2025. The directors of the Company are of the opinion that the Group has sufficient working capital for its present requirements, that is for 18 months ending 31 December 2025.

Notwithstanding the above conditions, the consolidated financial statements have been prepared on a going concern basis as the directors have given careful consideration to their impact of the current and anticipated future liquidity of the Group by taking into consideration the mitigating factors which include, but not limited to, the following:

- (i) The secured bank loans of approximately HK\$104,489,000 with a repayment on demand clause will be repaid in accordance with the scheduled repayment dates and the banks will not exercise their discretionary rights to demand immediate repayment;
- (ii) Gold Seal Holdings Limited, a shareholder of the Company, has agreed not to demand for repayment of the balance of approximately HK\$12,960,000 due from the Group as at 30 June 2024 until it is in a financial position to do so;
- (iii) The Group has undrawn available banking facilities of approximately HK\$83,011,000 as at 30 June 2024; and
- (iv) The Group has implemented and will continue to implement various strategies to enhance the Group’s revenue and profitability including adopting various measures to control costs.

Having taken into account the above, the directors consider that the Group will have sufficient financial resources to meet in full its working capital requirements and financial obligations as and when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 July 2023 for the preparation of the consolidated financial statements.

Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to standards and interpretation that have been issued but are not yet effective.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 – Lack of Exchangeability	1 January 2025
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

Except for new standard mentioned below, the directors of the Company anticipate that the application of all amendments to HKFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 – Presentation and Disclosure in Financial Statements

In July 2024, HKICPA issued HKFRS 18 which is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information. The management is currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

3. REVENUE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers – recognised at a point in time		
Sales of goods	14,052	11,007
Revenue from other sources		
Rental income	<u>8,681</u>	<u>7,379</u>
	<u><u>22,733</u></u>	<u><u>18,386</u></u>

4. SEGMENT INFORMATION

The Group has two operating segments as follows:

- Property investment: rental income from leasing out of investment properties; and
- Research and development: conducting research and development, software and hardware design for the manufacture and sale of a range of high technology products such as portable x-ray systems, advanced algorithm and software solutions, image sensors etc.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

During the year, the Group's chief operating decision maker revisited the reportable segment of property investment and considered that one of the operating segments, which mainly engaged in the property holding business in Hong Kong, no longer met the definition of operating segment in accordance with HKFRS 8. As a result, those results have now been included in unallocated expenses in the segment information. The comparative figures of segment information for the year ended 30 June 2023 have been re-presented to follow the current year's presentation accordingly.

Information about operating segment profit or loss:

	Property investment <i>HK\$'000</i>	Research and development <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 30 June 2024:			
Revenue from external customers	<u>8,681</u>	<u>14,052</u>	<u>22,733</u>
Segment loss	<u>(95,458)</u>	<u>(13,800)</u>	(109,258)
Unallocated expenses			(22,718)
Unallocated income			<u>(1,054)</u>
Consolidated loss before tax			<u><u>(133,030)</u></u>
Interest expense	136	148	284
Depreciation and amortisation	–	523	523
Other material non-cash items:			
Fair value losses on investment properties	100,300	–	100,300

	Property investment <i>HK\$'000</i> (Re-presented)	Research and development <i>HK\$'000</i>	Total <i>HK\$'000</i> (Re-presented)
Year ended 30 June 2023:			
Revenue from external customers	<u>7,379</u>	<u>11,007</u>	<u>18,386</u>
Segment loss	<u>(3,393)</u>	<u>(27,319)</u>	(30,712)
Unallocated expenses			(25,089)
Unallocated income			<u>14,054</u>
Consolidated loss before tax			<u>(41,747)</u>
Interest expense	–	320	320
Depreciation and amortisation	–	972	972
Other material non-cash items:			
Fair value losses on investment properties	9,400	–	9,400

Information about operating segment assets and liabilities is not provided to the Chief Executive Officer, being the chief operating decision maker, therefore, segment assets and liabilities are not presented.

Reconciliation of segment loss from operations:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Re-presented)
Total loss of reportable segments	(109,258)	(30,712)
Unallocated amounts:		
Other income	100	352
Other gains and losses	(1,154)	13,702
Administrative and other operating expenses	(22,718)	(25,089)
Consolidated loss before tax	<u>(133,030)</u>	<u>(41,747)</u>

Geographical information:

The Group's revenue from external customers by location of operations is detailed below:

	Revenue	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	8,681	7,379
Finland	13,147	10,330
Others	905	677
Consolidated total	<u>22,733</u>	<u>18,386</u>

The Group's non-current assets (other than certain property, plant and equipment) are mainly located in Hong Kong.

Revenue from major customers:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Property investment segment		
Customer a	8,681	7,379
Research and development segment		
Customer b	2,046	1,108
Customer c	1,768	2,682
	<u> </u>	<u> </u>

5. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Government grants received (<i>note</i>)	43	277
Bank interest income	244	106
Others	27	21
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	314	404

Note: During the year, the Group recognised government grants of approximately HK\$43,000 (2023: HK\$277,000), of which approximately HK\$Nil (2023: HK\$128,000) relates to Employment Support Scheme provided by the Hong Kong Special Administrative Region Government. Government grants of approximately HK\$43,000 (2023: HK\$149,000) represented immediate financial support granted by the local government to certain subsidiary operating in Finland.

6. OTHER GAINS AND LOSSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Fair value losses on investment properties	(100,300)	(9,400)
Fair value gains on financial assets at FVTPL	737	1,809
Fair value gains on convertible notes	3,831	11,877
Gain on dissolution of subsidiaries	4,934	–
Impairment on property, plant and equipment	(6,398)	–
(Loss)/gain on disposal of property, plant and equipment	(38)	1
Net foreign exchange gains	676	495
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	(96,558)	4,782

7. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest expense on lease liabilities	–	55
Interest on bank borrowings	5,429	3,859
Interest on other borrowings	148	259
Interest on bank overdrafts	–	7
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	5,577	4,180

8. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	319	13
Underprovision in prior year	60	4
	<u>379</u>	<u>17</u>

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying Group entity established in Hong Kong will be taxed at 8.25% (2023: 8.25%), and profits above that amount will be subject to the tax rate of 16.5% (2023: 16.5%). The profits of the Group entities not qualifying for the two-tiered Profits Tax rate regime will continue to be taxed at a rate of 16.5% (2023: 16.5%).

The People's Republic of China Enterprise Income Tax has been provided at a rate of 25% (2023: 25%).

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before tax	<u>(133,030)</u>	<u>(41,747)</u>
Tax at the Hong Kong Profits Tax rate of 16.5% (2023: 16.5%)	(21,950)	(6,888)
Tax effect of income that is not taxable	(2,582)	(2,472)
Tax effect of expenses that are not deductible	13,201	7,403
Tax effect of tax losses not recognised	2,537	3,265
Tax effect of other temporary differences not recognised	10,214	(429)
Underprovision in prior year	60	4
Effect of different tax rates of subsidiaries	(936)	(847)
Tax effect of two-tiered Profits Tax regime	<u>(165)</u>	<u>(19)</u>
Income tax expense	<u>379</u>	<u>17</u>

9. LOSS PER SHARE

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

	2024	2023
	HK\$'000	HK\$'000
Loss		
Loss for the purpose of calculating basic loss per share	(130,130)	(37,221)
Fair value gains on convertible notes	<u>–</u>	<u>(11,877)</u>
Loss for the purpose of calculating diluted loss per share	<u>(130,130)</u>	<u>(49,098)</u>
	2024	2023
Number of shares		
Weighted average number of ordinary shares used in basic loss per share calculation	1,401,371,757	1,401,437,549
Effect of dilutive potential ordinary shares arising from 2017 Convertible Notes outstanding	<u>–</u>	<u>191,557,498</u>
Weighted average number of ordinary shares used in diluted loss per share calculation	<u>1,401,371,757</u>	<u>1,592,995,047</u>

The conversion of the Company's outstanding Convertible Notes would be anti-dilutive during the year ended 30 June 2024. The computation of diluted loss per share also did not assume the exercise of the Company's outstanding share options as the exercise prices of those share options were higher than the average market price for shares for the year ended 30 June 2024. Diluted loss per share was same as the basic loss per share for the years ended 30 June 2024.

The conversion of the Company's outstanding 2014 Convertible Notes would be anti-dilutive during the year ended 30 June 2023. The computation of diluted loss per share also did not assume the exercise of the Company's outstanding share options as the exercise prices of those share options were higher than the average market price for shares for the year ended 30 June 2023.

10. DIVIDEND

No dividend was paid or proposed by the Company during the year ended 30 June 2024 (2023: Nil), nor has any dividend been proposed since the end of the reporting period.

11. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 <i>HK\$'000</i>
Trade receivables	2,618	1,887
Other receivables	1,582	1,862
Deposits	1,108	948
Prepayments	637	358
	<u>5,945</u>	<u>5,055</u>

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 days from the invoice date. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The ageing analysis of trade receivables, based on the invoice date, is as follows:

	2024 HK\$'000	2023 <i>HK\$'000</i>
0 – 90 days	2,183	1,134
91 – 180 days	286	311
181 – 365 days	–	442
Over 365 days	149	–
	<u>2,618</u>	<u>1,887</u>

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2024 HK\$'000	2023 <i>HK\$'000</i>
HK\$	723	–
Euro ("EUR")	1,895	1,887
	<u>2,618</u>	<u>1,887</u>

12. TRADE AND OTHER PAYABLES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	598	757
Accruals	3,164	6,588
Rental deposits received	3,969	3,969
Other payables	6,347	3,016
	<u>14,078</u>	<u>14,330</u>

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 90 days	598	757

The carrying amounts of the Group's trade payables are denominated in EUR.

EXTRACTS OF INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditor's report on the consolidated financial statements of the Group for the year ended 30 June 2024 which has included an emphasis of matter paragraph for material uncertainty in relation to going concern, but without modification of opinion.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 2 in the consolidated financial statements, which indicates that the Group incurred a loss of approximately HK\$133,409,000 during the year ended 30 June 2024 and, as of that date, the Group had net current liabilities of approximately HK\$94,878,000. As stated in note 2, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

DIVIDEND

The Directors of the Company do not recommend the payment of a final dividend (2023: nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting to be held on Thursday, 5 December 2024, the register of members of the Company will be closed from Monday, 2 December 2024 to Thursday, 5 December 2024 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attendance and voting at the forthcoming annual general meeting of the Company, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 29 November 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

The principal activities of the Group are property investment and research and development of high technology system and applications.

BUSINESS REVIEW AND PROSPECTS

The Group recorded a loss of approximately HK\$133 million as compared to a loss of approximately HK\$42 million for the corresponding period in 2023. Such increase in loss is mainly due to fair value losses on the Group's investment properties of approximately HK\$100 million in 2024 as compared to fair value losses on investment properties of approximately HK\$9 million for the corresponding period in 2023.

Property investment

Turnover of the Group for the year ended 30 June 2024 comprising rental income from its investment properties amounted to approximately HK\$9 million (2023: HK\$7 million).

The Group will continue to seek and explore investment opportunities to strengthen its investment portfolios.

Development of high technology products

Now that Covid-19 is finally behind us, we find ourselves faced with new challenges and difficulties. Looking back over the past few years with other companies here in Hong Kong, we are also not unscathed. As the economy continue to slump with all the economic data trending downward, we have adjusted into a more conservative strategy for the time being. We try our best to achieve our forecasts, but at the same time we must manage our expectations. The future is uncertain to say the least as 2024 is a year with elections in many countries in which the result will have direct effects on our operations. We will continue to watch the economy unfold and how world geopolitics play out carefully. The chips and technology sanctions enacted last year continue to escalate but we are still moving forward and making small progress during the period under review. The Group's development of next generation technology applications involve imaging, surveillance, navigation and advanced semi-conductor processing. The technology division of the Group now comprises five operations in four countries employing about 23 research and development engineers. To date, the Group working together with the Finnish Funding Agency for Technology and Innovation, have invested around HK\$160 million and further substantial investment is anticipated in the coming years. It is expected that as we mature, the sales of a number of technological products or systems developed by the Group will continue or will commence soon and we are aiming that by the calendar year 2029, our technology division will generate a revenue of US\$29 million. We are encouraged that governments around the world are incentivizing and supporting technological innovations through new policies and grants. We are hopeful for a semi-conductor and A.I. boom in the coming years.

The five subsidiaries of the Company in our technology division are engaged in the following areas of technological development:

Pexray Oy – a non-wholly owned subsidiary, based in Espoo, Finland is engaged in the development of portable, digital x-ray inspection devices for industrial and security applications. Industrial business area focuses on non-destructive testing (NDT) of critical structures. Most typical applications being weld inspection, corrosion inspection and other structural inspections.

Security business are consists of EOD and IED operations and to some extend counterintelligence applications in such areas on the detection of explosive devices, baggage scanning, border control and customs, forensic investigation and security at large scale sporting and other events.

The total sales for the year ended 30 June 2024 was approximately HK\$14 million.

The major products are focusing on portable x-ray devices intended for security and NDT applications as follows:

– Security product line:

The first sales was in August 2019. Pexray Oy has released multiple enhancements to increase product quality and customer satisfaction.

– NDT product line:

The first sales was in September 2020. Multiple new products, accessories and SW features have been released to support products and to meet customer demand.

Pexray released a novel battery operated, portable X-ray source in 2022. First shipments were made in April 2022. The new generator is a complimentary product for both Security and NDT markets. The generator is sold as a stand-alone product in NDT market and is one of the company's growth drivers.

Overall NDT sales dominate over security sales. Growth in fiscal year 2023-2024 and 2024-2025 was and will be strongly driven by NDT sales.

Navigs Oy – a non-wholly owned subsidiary, based in Espoo, Finland. Navigs Oy is at the forefront of R&D in state-of-the-art GNSS and image-based positioning. While these solutions are integral for autonomous, semi-automated agricultural machinery and advanced driver-assist systems to optimize precision farming, their applications extend far beyond agriculture. They are also engineered to be compatible with a variety of off-highway industrial vehicles and have uses in marine navigation systems as well as drones. The product portfolio includes IPESSA Tiny, IPESSA Base Station, IPESSA Nano, IPESSA Yaw Bar, and IPESSA RTK-VINS. Owing to presence in select exhibitions, the company has become well-known in the agricultural market, but also in other sectors, such as construction and marine.

– IPESSA Tiny is a cost-efficient positioning solution ideal for various autonomous applications like precision farming and heavy working machines. It operates on a dual-antenna satellite receiver coupled with inertial sensing and is equipped with a global narrowband cellular modem. Prototyping wrapped up in early 2021. Customer pilots faced delays due to chip shortages but were finalized in first half of 2022 across Finland, Europe, and Turkey.

– IPESSA Base Station is based on IPESSA Tiny but features the capability of providing RTK correction data to moving vehicles (rovers). The RTK correction data is an essential enabler for achieving centimeter-level positioning accuracy. IPESSA Base Station also includes a UHF radio for sending the data to the rovers. The first base station was delivered in December 2023.

- IPESSA Nano is a compact positioning module, perfect for size-sensitive applications like drones and compact AGVs. It runs on a dual-antenna satellite receiver and an inertial measurement unit (IMU). However, Nano comes with a more limited feature set compared to Tiny. Hardware and mechanical prototypes rolled out in late 2021, but software development encountered delays attributable to resource constraints. First IPESSA Nano units were shipped to customers during the fiscal year 2023-24.
- IPESSA Yaw Bar is a high-end positioning device, fine-tuned for marine use-cases. It features an optional fiber optic gyroscope (FOG) for top-tier orientation sensing, essential for GNSS-independent North Finding in certain marine scenarios. Like Tiny and Nano, Yaw Bar utilizes similar GNSS receivers and inertial sensors. The IMO (International Maritime Organization) hasn't approved RTK corrections for marine vessels, so the initial market focus is on non-SOLAS ships like fishing boats and utility vessels. The sales of the entry-level version of the IPESSA Yaw Bar with MEMS-based inertial sensors have commenced.
- IPESSA RTK-VINS leverages the core tech of both Tiny and Nano, augmented with a visual inertial navigation system (VINS). This hybrid approach enhances positioning accuracy and robustness in GNSS-challenged environments, making it highly applicable for various UGV, AGV and drone contexts. The development project experienced delays as a result of transitioning to a more efficient processing platform. Prototypes and customer pilots are on the agenda for late 2024, with mass production tentatively scheduled for 2025. The RTK-VINS system is a joint venture with Dynim and Techvico.

Dynim Oy, a non-wholly owned subsidiary, based in Espoo Finland has been dormant for the past year due to cost saving measures in which the bulk of the R&D team was laid off. Since then, Dynim has pivoted slightly in our business model and operation structure. At present, Dynim's main project focus is in launching the RTK Vins product series with sister company Kindhelm. The product series will be developed within our consortium, leveraging our APAC sister companies to develop the hardware and application software; whilst Dynim and Kindhelm will be focusing on sales and marketing efforts. The RTK Vins product series are segmented as follows:

- RTK Vins Quectel (Android/Ubuntu version): The RTK Vins Quectel board is designed and developed by Crearo, our Chinese counterpart. Dynim was responsible for project management to bridge the gap between Kindhelm's technical requirements and Crearo's development process. Currently, the RTK Vins Quectel Android board has been delivered and is in testing phase conducted by Spectacular AI, Kindhelm Turkish team and Techvico Hanoi. It is expected to have the Ubuntu board developed by September. Next iteration of both boards should be delivered in Q4, and we expect pilot demo and sales to begin mid-end Q4. This product line is expected to be sold to robotics, precision agriculture, mapping dashcam, drones, e-bike etc. applications.
- RTK Vins Nvidia: The RTK Vins Nvidia board is designed and developed by Pixon, our Taiwanese counterpart. The board is expected to be delivered by September 2024. The workflow will be similar to the RTK Vins Quectel, in which the platform will be tested internally for the next iteration, followed by pilot demos and sales. We expect the first sales of the board to be at the end of Q4. The target application and use case of this product line is for robotics, precision agriculture, drones, machine intelligence etc.

- RTK Vins STM: The RTK Vins STM board is designed and developed by Pixon, our Taiwanese counterpart. The board is expected to be delivered by September 2024. Our workflow is similar to the Nvidia and Quectel version. This board is categorized as the cost efficient version of our product series and is suitable for robotics, drone, e-bike and other applications.

The RTK Vins product line will be sold under the Dynim/Kindhelm brand name in Europe. Our business model includes platform sales, prototyping, customizations and application software development.

Imagica Technology Inc. – a non-wholly owned subsidiary, based in Vancouver, Canada. The company has developed a series of linear array image sensors for spectroscopy and document scanners. It develops sensors for several security and machine vision applications using advanced 3D semiconductor processes.

The company faced significant difficulties in achieving profitability due to design and manufacturing delays caused by the impact of Covid-19 several years ago. As a result, the company is now dormant.

In light of this, it is essential for management to thoroughly assess the company's financial health, market demand for its products, the competitive environment, and its potential for future growth and profitability. Given the current situation, we are now considering whether further capital investment in the company would be a prudent decision.

Skyin Technology Limited – a non-wholly owned subsidiary, based in Shanghai, the People's Republic of China. The company has developed various 3D industrial cameras, 3D industrial vision software, and AI-based industrial vision applications.

However, the launch of Simpletec 3D industrial camera software and hardware into the market still requires a significant financial investment. Changes in market conditions have led to a pause in the development of our 3D industrial vision products. As a result, the company is now dormant.

In light of this, it is essential for management to thoroughly assess the company's financial health, market demand for its products, the competitive environment, and its potential for future growth and profitability. Given the current situation, we are now considering whether further capital investment in the company would be a prudent decision.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2024, net current liabilities of the Group were approximately HK\$95 million. The current ratio, current assets divided by current liabilities, was 0.33. The bank balances and cash were approximately HK\$36 million.

As at 30 June 2024, the Group has outstanding liabilities of approximately HK\$162 million comprising (i) trade and other payables of approximately HK\$14 million, (ii) amounts due to related parties of approximately HK\$13 million, (iii) secured bank borrowings of approximately HK\$104 million, (iv) convertible notes of approximately HK\$7 million and other borrowings and liabilities of approximately HK\$24 million. Secured bank borrowings are on floating interest rates basis.

The majority of the Group's assets and borrowings are denominated in Hong Kong dollars. The directors consider that the Group has no significant exposure to exchange fluctuation and does not hedge against foreign exchange risk.

The Group's bank borrowings were secured by investment properties and leasehold land and buildings of approximately HK\$226 million and HK\$174 million respectively.

The Group's gearing ratio, total debts divided by total assets, was approximately 22.97%.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the year ended 30 June 2024, the Group had no material acquisitions and disposals of subsidiaries except for the dissolution of certain inactive subsidiaries.

As at 30 June 2024, the Group had no material investment.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group employed total of 47 employees. They were remunerated according to market conditions.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the year ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed interest in any of the Company's listed shares.

REVIEW OF FINAL RESULTS

The Audit Committee has reviewed the annual results of the Group for the year ended 30 June 2024.

CORPORATE GOVERNANCE

The board of directors of the Company (the "Board") believes that corporate governance is essential to the success of the Company. During the year ended 30 June 2024, the Company has complied with all the code provisions in the Corporate Governance Code (the "Code") set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, save and except as disclosed below:

- under code provision C.1.6 of the Code, independent non-executive directors and other non-executive directors should attend general meetings of the Company. Certain independent non-executive directors of the Company were unable to attend the annual general meeting of the Company as they had other business commitment.

- Under the Code provision C.2.1, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. Dr. Oung Shih Hua, James is the Chairman of the Company and the Company currently does not appoint Chief Executive Officer. In the opinion of the Board, Dr. Oung temporarily acts as the role of the Chief Executive Officer. The Board considers that the present structure provides the Group with strong and consistent leadership and allows for efficient and effective business planning and execution.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is available for viewing on the website of the Stock Exchange and on the website of the Company at <http://www.aplushk.com/clients/00495paladin/>. The annual report of the Company will be despatched to the shareholders of the Company in due course.

By Order of the Board
Oung Shih Hua, James
Chairman

Hong Kong, 27 September 2024

At the date of this announcement, the Chairman and executive director of the Company is Dr. Oung Shih Hua, James; the non-executive directors of the Company are Mr. Yuen Chi Wah and Mr. Chan Chi Ho; and the independent non-executive directors of the Company are Dr. Au Chik Lam Alexander, Mr. Liu Man Kin Dickson and Mr. Luo Rongxuan.