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## **APPLIED DEVELOPMENT HOLDINGS LIMITED**

**實力建業集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 519)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

The Board of Directors (the “Board” or “Directors”) of Applied Development Holdings Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 31 December 2017 together with the comparative figures as follows:

#### **CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 31 December 2017*

|                                                                                                |              | <b>Six months ended<br/>31 December</b> |                    |
|------------------------------------------------------------------------------------------------|--------------|-----------------------------------------|--------------------|
|                                                                                                |              | <b>2017</b>                             | <b>2016</b>        |
|                                                                                                |              | <b>(Unaudited)</b>                      | <b>(Unaudited)</b> |
|                                                                                                | <i>Notes</i> | <b>HK\$'000</b>                         | <b>HK\$'000</b>    |
| <b>Revenue</b>                                                                                 | 2            | <b>2,452</b>                            | 7,687              |
| Other revenue                                                                                  | 2            | <b>2,340</b>                            | 2,329              |
| Other income                                                                                   | 3            | <b>3</b>                                | —                  |
| Other expenses                                                                                 | 4            | <b>—</b>                                | (154)              |
| Net gain on disposal of financial assets at fair value through profit or loss                  |              | <b>446</b>                              | 1,608              |
| Net increase (decrease) in fair value of financial assets at fair value through profit or loss |              | <b>5,965</b>                            | (104)              |
| Net increase in fair value of investment properties                                            |              | <b>7,000</b>                            | 41,000             |
| Selling and marketing expenses                                                                 |              | <b>(2,240)</b>                          | —                  |
| Administrative expenses                                                                        |              | <b>(8,080)</b>                          | (8,382)            |
| Finance costs                                                                                  | 6            | <b>(8,311)</b>                          | —                  |

|                                                                                                        |              | <b>Six months ended</b>       |                             |
|--------------------------------------------------------------------------------------------------------|--------------|-------------------------------|-----------------------------|
|                                                                                                        |              | <b>31 December</b>            |                             |
|                                                                                                        |              | <b>2017</b>                   | <b>2016</b>                 |
|                                                                                                        |              | <b>(Unaudited)</b>            | <b>(Unaudited)</b>          |
|                                                                                                        | <i>Notes</i> | <b>HK\$'000</b>               | <b>HK\$'000</b>             |
| <b>(Loss) Profit before tax</b>                                                                        | 7            | <b>(425)</b>                  | 43,984                      |
| Taxation                                                                                               | 8            | <u>—</u>                      | <u>—</u>                    |
| <b>(Loss) Profit for the period, attributable to equity holders of the Company</b>                     |              | <b>(425)</b>                  | 43,984                      |
| <b>Other comprehensive income for the period, net of tax</b>                                           |              | <u>—</u>                      | <u>—</u>                    |
| <b>Total comprehensive (loss) income for the period, attributable to equity holders of the Company</b> |              | <b><u>(425)</u></b>           | <b><u>43,984</u></b>        |
| <b>(Loss) Earnings per share</b>                                                                       | 9            |                               |                             |
| Basic                                                                                                  |              | <b><u>(0.02) HK cents</u></b> | <b><u>2.11 HK cents</u></b> |
| Diluted                                                                                                |              | <b><u>(0.02) HK cents</u></b> | <b><u>2.11 HK cents</u></b> |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

|                                                           | Notes | 31/12/2017<br>(Unaudited)<br>HK\$'000 | 30/06/2017<br>(Audited)<br>HK\$'000 |
|-----------------------------------------------------------|-------|---------------------------------------|-------------------------------------|
| <b>Non-current assets</b>                                 |       |                                       |                                     |
| Investment properties                                     | 15    | 510,000                               | 555,000                             |
| Property, plant and equipment                             |       | 149                                   | 224                                 |
| Available-for-sale investments                            | 10    | 200,147                               | 200,147                             |
|                                                           |       | <u>710,296</u>                        | <u>755,371</u>                      |
| <b>Current assets</b>                                     |       |                                       |                                     |
| Properties under development                              | 16    | 766,379                               | 756,037                             |
| Financial assets at fair value through profit or loss     | 11    | 256,646                               | 50,692                              |
| Other receivables                                         | 12    | 98,447                                | 52,975                              |
| Bank balances and cash                                    |       | 233,427                               | 343,227                             |
|                                                           |       | <u>1,354,899</u>                      | <u>1,202,931</u>                    |
| Assets of disposal group classified as held for sale      | 17    | 52,573                                | –                                   |
|                                                           |       | <u>1,407,472</u>                      | <u>1,202,931</u>                    |
| <b>Current liabilities</b>                                |       |                                       |                                     |
| Trade and other payables                                  | 13    | 176,585                               | 201,916                             |
| Interest-bearing borrowings                               |       | 411,618                               | 392,968                             |
|                                                           |       | <u>588,203</u>                        | <u>594,884</u>                      |
| Liabilities of disposal group classified as held for sale | 17    | 440                                   | –                                   |
|                                                           |       | <u>588,643</u>                        | <u>594,884</u>                      |
| <b>Net current assets</b>                                 |       | <u>818,829</u>                        | <u>608,047</u>                      |
| <b>Total assets less current liabilities</b>              |       | <u>1,529,125</u>                      | <u>1,363,418</u>                    |
| <b>Capital and reserves</b>                               |       |                                       |                                     |
| Share capital                                             | 14    | 25,051                                | 20,876                              |
| Share premium and reserves                                |       | 1,387,802                             | 1,226,270                           |
| <b>Total equity</b>                                       |       | <u>1,412,853</u>                      | <u>1,247,146</u>                    |
| <b>Non-current liabilities</b>                            |       |                                       |                                     |
| Deferred tax liabilities                                  |       | 116,272                               | 116,272                             |
|                                                           |       | <u>1,529,125</u>                      | <u>1,363,418</u>                    |

## NOTES

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

The condensed consolidated interim financial statements are unaudited, but have been reviewed by the Audit Committee of the Company. These unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Accounting Standard No. 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments which are measured at fair values.

The accounting policies used in the condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group’s consolidated financial statements for the year ended 30 June 2017, except for the new/revised Hong Kong Financial Reporting Standards (“HKFRSs”) effective from the current interim period.

The adoption of the new/revised HKFRSs had no significant effect on the results and financial position of the Group for the current or prior accounting periods.

The Group has not early applied the new/revised HKFRSs that have been issued but are not yet effective for the current period. The Directors are in process of assessing the possible impact on the future adoption of these HKFRSs, but are not yet in a position to reasonably estimate their impact on the results and financial position to the Group.

### 2. REVENUE

|                                                                            | <b>Six months ended</b> |             |
|----------------------------------------------------------------------------|-------------------------|-------------|
|                                                                            | <b>31 December</b>      |             |
|                                                                            | <b>2017</b>             | 2016        |
|                                                                            | <b>(Unaudited)</b>      | (Unaudited) |
|                                                                            | <b>HK\$'000</b>         | HK\$'000    |
| <b>Revenue</b>                                                             |                         |             |
| Gross rental income from investment properties                             | <b>2,452</b>            | 5,691       |
| Interest income from financial assets at fair value through profit or loss | –                       | 1,762       |
| Dividend income from financial assets at fair value through profit or loss | –                       | 234         |
|                                                                            | <b>2,452</b>            | 7,687       |
| <b>Other revenue</b>                                                       |                         |             |
| Bank interest income                                                       | <b>541</b>              | 1,075       |
| Other interest income                                                      | <b>1,799</b>            | 1,254       |
|                                                                            | <b>2,340</b>            | 2,329       |
| <b>Total revenue</b>                                                       | <b>4,792</b>            | 10,016      |

### 3. OTHER INCOME

|               | Six months ended<br>31 December |             |
|---------------|---------------------------------|-------------|
|               | 2017                            | 2016        |
|               | (Unaudited)                     | (Unaudited) |
|               | HK\$'000                        | HK\$'000    |
| Sundry income | <u>3</u>                        | <u>–</u>    |

### 4. OTHER EXPENSES

|                                  | Six months ended<br>31 December |             |
|----------------------------------|---------------------------------|-------------|
|                                  | 2017                            | 2016        |
|                                  | (Unaudited)                     | (Unaudited) |
|                                  | HK\$'000                        | HK\$'000    |
| Loss on disposal of other assets | <u>–</u>                        | <u>154</u>  |

### 5. SEGMENT INFORMATION

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

The Group's resort and property development segment includes properties under development for commercial purposes acquired during the year ended 30 June 2017. No revenue had been earned by the resort and property development segment for the period. The property investment segment includes commercial properties that are held for capital appreciation or to earn rentals. The investment holding segment includes holding and trading of investments and other assets. No operating segments have been aggregated.

Segment revenue and results for the six months ended 31 December 2017 are presented below:

|                                | Resort<br>and property<br>development<br>(Unaudited)<br>HK\$'000 | Property<br>investment<br>(Unaudited)<br>HK\$'000 | Investment<br>holding<br>(Unaudited)<br>HK\$'000 | Total<br>(Unaudited)<br>HK\$'000 |
|--------------------------------|------------------------------------------------------------------|---------------------------------------------------|--------------------------------------------------|----------------------------------|
| <b>Revenue</b>                 | –                                                                | 2,452                                             | –                                                | 2,452                            |
| Other revenue and income       | <u>17</u>                                                        | <u>–</u>                                          | <u>455</u>                                       | <u>472</u>                       |
|                                | <u>17</u>                                                        | <u>2,452</u>                                      | <u>455</u>                                       | <u>2,924</u>                     |
| <b>Results</b>                 |                                                                  |                                                   |                                                  |                                  |
| Segment results                | <u>(4,349)</u>                                                   | <u>8,968</u>                                      | <u>6,422</u>                                     | <u>11,041</u>                    |
| Unallocated corporate income   |                                                                  |                                                   |                                                  | 2,317                            |
| Unallocated corporate expenses |                                                                  |                                                   |                                                  | (5,472)                          |
| Finance costs                  |                                                                  |                                                   |                                                  | <u>(8,311)</u>                   |
| Loss before tax                |                                                                  |                                                   |                                                  | (425)                            |
| Taxation                       |                                                                  |                                                   |                                                  | <u>–</u>                         |
| Loss for the period            |                                                                  |                                                   |                                                  | <u>(425)</u>                     |

Segment assets and liabilities as of 31 December 2017 and other segment information for the six months ended 31 December 2017 are presented below:

|                                                                                        | Resort<br>and property<br>development<br>(Unaudited)<br>HK\$'000 | Property<br>investment<br>(Unaudited)<br>HK\$'000 | Investment<br>holding<br>(Unaudited)<br>HK\$'000 | Segment<br>total<br>(Unaudited)<br>HK\$'000 | Unallocated<br>(Unaudited)<br>HK\$'000 | Total<br>(Unaudited)<br>HK\$'000 |
|----------------------------------------------------------------------------------------|------------------------------------------------------------------|---------------------------------------------------|--------------------------------------------------|---------------------------------------------|----------------------------------------|----------------------------------|
| <b>Assets</b>                                                                          | <b>797,409</b>                                                   | <b>562,845</b>                                    | <b>456,810</b>                                   | <b>1,817,064</b>                            | <b>300,704</b>                         | <b>2,117,768</b>                 |
| <b>Liabilities</b>                                                                     | <b>348,172</b>                                                   | <b>2,745</b>                                      | <b>5,991</b>                                     | <b>356,908</b>                              | <b>348,007</b>                         | <b>704,915</b>                   |
| <b>Other segment information:</b>                                                      |                                                                  |                                                   |                                                  |                                             |                                        |                                  |
| Additions to property, plant and equipment                                             | 30                                                               | -                                                 | -                                                | 30                                          | -                                      | 30                               |
| Depreciation of property, plant and equipment                                          | 97                                                               | -                                                 | 8                                                | 105                                         | -                                      | 105                              |
| Loss on disposal of other assets                                                       | -                                                                | -                                                 | -                                                | -                                           | -                                      | -                                |
| Increase in fair value of investment properties                                        | -                                                                | 7,000                                             | -                                                | 7,000                                       | -                                      | 7,000                            |
| Net increase in fair value of financial<br>assets at fair value through profit or loss | -                                                                | -                                                 | 5,965                                            | 5,965                                       | -                                      | 5,965                            |
| Net gain on disposal of financial assets<br>at fair value through profit or loss       | -                                                                | -                                                 | 446                                              | 446                                         | -                                      | 446                              |

Segment revenue and results for the six months ended 31 December 2016 are presented below:

|                                | Resort<br>and property<br>development<br>(Unaudited)<br>HK\$'000 | Property<br>investment<br>(Unaudited)<br>HK\$'000 | Investment<br>holding<br>(Unaudited)<br>HK\$'000 | Total<br>(Unaudited)<br>HK\$'000 |
|--------------------------------|------------------------------------------------------------------|---------------------------------------------------|--------------------------------------------------|----------------------------------|
| <b>Revenue</b>                 | -                                                                | 5,691                                             | 1,996                                            | 7,687                            |
| Other revenue and income       | -                                                                | -                                                 | 1,254                                            | 1,254                            |
|                                | <b>-</b>                                                         | <b>5,691</b>                                      | <b>3,250</b>                                     | <b>8,941</b>                     |
| <b>Results</b>                 |                                                                  |                                                   |                                                  |                                  |
| Segment results                | -                                                                | 46,690                                            | 4,452                                            | 51,142                           |
| Unallocated corporate income   |                                                                  |                                                   |                                                  | 1,075                            |
| Unallocated corporate expenses |                                                                  |                                                   |                                                  | (8,233)                          |
| Profit before tax              |                                                                  |                                                   |                                                  | 43,984                           |
| Taxation                       |                                                                  |                                                   |                                                  | -                                |
| Profit for the period          |                                                                  |                                                   |                                                  | <b>43,984</b>                    |

Segment assets and liabilities as of 31 December 2016 and other segment information for the six months ended 31 December 2016 are presented below:

|                                                                                        | Resort<br>and property<br>development<br>(Unaudited)<br>HK\$'000 | Property<br>investment<br>(Unaudited)<br>HK\$'000 | Investment<br>holding<br>(Unaudited)<br>HK\$'000 | Segment total<br>(Unaudited)<br>HK\$'000 | Unallocated<br>(Unaudited)<br>HK\$'000 | Total<br>(Unaudited)<br>HK\$'000 |
|----------------------------------------------------------------------------------------|------------------------------------------------------------------|---------------------------------------------------|--------------------------------------------------|------------------------------------------|----------------------------------------|----------------------------------|
| <b>Assets</b>                                                                          | <u>518</u>                                                       | <u>481,250</u>                                    | <u>319,630</u>                                   | <u>801,398</u>                           | <u>203,768</u>                         | <u>1,005,166</u>                 |
| <b>Liabilities</b>                                                                     | <u>–</u>                                                         | <u>4,625</u>                                      | <u>375</u>                                       | <u>5,000</u>                             | <u>9</u>                               | <u>5,009</u>                     |
| <b>Other segment information:</b>                                                      |                                                                  |                                                   |                                                  |                                          |                                        |                                  |
| Additions to property, plant and equipment                                             | –                                                                | –                                                 | 15                                               | 15                                       | –                                      | 15                               |
| Depreciation of property, plant and equipment                                          | –                                                                | –                                                 | 13                                               | 13                                       | –                                      | 13                               |
| Loss on disposal of other assets                                                       | –                                                                | –                                                 | 154                                              | 154                                      | –                                      | 154                              |
| Increase in fair value of investment properties                                        | –                                                                | 41,000                                            | –                                                | 41,000                                   | –                                      | 41,000                           |
| Net decrease in fair value of financial<br>assets at fair value through profit or loss | –                                                                | –                                                 | 104                                              | 104                                      | –                                      | 104                              |
| Net gain on disposal of financial assets<br>at fair value through profit or loss       | <u>–</u>                                                         | <u>–</u>                                          | <u>1,608</u>                                     | <u>1,608</u>                             | <u>–</u>                               | <u>1,608</u>                     |

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

### Geographical information

The Group's operations are principally located in Hong Kong and the People's Republic of China other than Hong Kong (the "PRC"). In addition, the Group also held investments in various overseas markets (the "Overseas").

The following table provides an analysis of the Group's revenue from external customers by geographical market, which interest income from financial assets at fair value through profit or loss is based on the markets of the respective instruments:

|           | <b>Revenue by<br/>geographical market</b>      |                                                |
|-----------|------------------------------------------------|------------------------------------------------|
|           | <b>31/12/2017<br/>(Unaudited)<br/>HK\$'000</b> | <b>31/12/2016<br/>(Unaudited)<br/>HK\$'000</b> |
| Hong Kong | <u>2,452</u>                                   | <u>6,229</u>                                   |
| Overseas  | <u>–</u>                                       | <u>1,458</u>                                   |
|           | <u><b>2,452</b></u>                            | <u><b>7,687</b></u>                            |

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

|           | <b>Carrying amounts of<br/>non-current assets</b> |                   |
|-----------|---------------------------------------------------|-------------------|
|           | <b>31/12/2017</b>                                 | <b>30/06/2017</b> |
|           | <b>(Unaudited)</b>                                | <b>(Audited)</b>  |
|           | <b>HK\$'000</b>                                   | <b>HK\$'000</b>   |
| Hong Kong | <b>510,016</b>                                    | 555,024           |
| The PRC   | <b>133</b>                                        | 200               |
|           | <b>510,149</b>                                    | <b>555,224</b>    |

Non-current assets presented above exclude financial instruments and assets of disposal group classified as held for sale. The Group does not have deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

## 6. FINANCE COSTS

|                                      | <b>Six months ended<br/>31 December</b> |                    |
|--------------------------------------|-----------------------------------------|--------------------|
|                                      | <b>2017</b>                             | <b>2016</b>        |
|                                      | <b>(Unaudited)</b>                      | <b>(Unaudited)</b> |
|                                      | <b>HK\$'000</b>                         | <b>HK\$'000</b>    |
| Interest expenses on bank borrowings | <b>8,311</b>                            | —                  |

## 7. (LOSS) PROFIT BEFORE TAX

|                                                                                                 | <b>Six months ended<br/>31 December</b> |                    |
|-------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------|
|                                                                                                 | <b>2017</b>                             | <b>2016</b>        |
|                                                                                                 | <b>(Unaudited)</b>                      | <b>(Unaudited)</b> |
|                                                                                                 | <b>HK\$'000</b>                         | <b>HK\$'000</b>    |
| (Loss) Profit for the period has been arrived at after charging (crediting):                    |                                         |                    |
| <b>Staff costs, including directors' emoluments</b>                                             |                                         |                    |
| Salaries and other benefits                                                                     | <b>3,496</b>                            | 3,533              |
| Retirement benefit scheme contribution                                                          | <b>34</b>                               | 42                 |
| Total staff costs                                                                               | <b>3,530</b>                            | <b>3,575</b>       |
| <b>Other items</b>                                                                              |                                         |                    |
| Depreciation of property, plant and equipment                                                   | <b>105</b>                              | 13                 |
| Net (increase) decrease in fair value of financial assets at fair value through profit or loss  | <b>(5,965)</b>                          | 104                |
| Direct operating expenses relating to investment properties that generated rental income        | <b>346</b>                              | 116                |
| Direct operating expenses relating to investment properties that did not generate rental income | <b>103</b>                              | —                  |
| Operating lease payments on premises                                                            | <b>1,123</b>                            | 1,121              |

## 8. TAXATION

Hong Kong Profits Tax has not been provided as the Group's estimated assessable profits for the periods ended 31 December 2017 and 31 December 2016 are wholly absorbed by unrelieved tax losses brought forward from previous years.

Taxation arising in other jurisdiction, if applicable, are calculated at the rates prevailing in the relevant jurisdictions based on existing legislation, interpretations and practices in respect thereof.

## 9. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share for the six months ended 31 December 2017 is based on the loss attributable to equity holders of the Company of approximately HK\$425,000 (2016: profit of approximately HK\$43,984,000) and on the weighted average of 2,309,962,859 (2016: 2,087,590,739) ordinary shares of the Company in issue during the period.

The diluted (loss) earnings per share is the same as the basic (loss) earnings per share for both the six months ended 31 December 2017 and 2016. The Company did not have any dilutive potential ordinary shares during the six months ended 31 December 2017 and 2016.

## 10. AVAILABLE-FOR-SALE INVESTMENTS

|                                                       | <b>31/12/2017</b><br><b>(Unaudited)</b><br><b>HK\$'000</b> | <b>30/6/2017</b><br><b>(Audited)</b><br><b>HK\$'000</b> |
|-------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------|
| Equity securities listed in Hong Kong, at fair value  | <b>147</b>                                                 | 147                                                     |
| Unlisted share, at cost ( <i>Note</i> )               | <b>—</b>                                                   | —                                                       |
| Loan to an affiliate company, at cost ( <i>Note</i> ) | <b>200,000</b>                                             | 200,000                                                 |
|                                                       | <b>200,147</b>                                             | 200,147                                                 |

*Note:*

At 31 December 2017 and 30 June 2017, the Group held 20% interest in the ordinary share capital of Wealth Guide Global Limited ("Wealth Guide") amounting to US\$20 (equivalent to approximately HK\$156) and provided a shareholder's loan to Wealth Guide amounting to HK\$200 million in proportion to the Group's interest in Wealth Guide. The shareholder's loan is unsecured, interest-free and has no fixed repayment term and it is to be repaid upon the agreement of the Group and the majority shareholder of Wealth Guide. The majority shareholder of Wealth Guide also provided the loan in the proportion to its shareholding. The shareholder's loan is considered as quasi-capital investment and forms part of the Group's investment in Wealth Guide.

In the opinion of the Directors, the Group has no significant influence on Wealth Guide in accordance with HKAS 28 (2011) because no representative can be appointed in the board of directors of Wealth Guide by the Group and the Group did not participate in any policy making processes of Wealth Guide. Accordingly, the equity investments and provision of shareholder's loan are accounted for as available-for-sale investments measured at cost less impairment loss.

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

|                                                           | 31/12/2017<br>(Unaudited)<br>HK\$'000 | 30/6/2017<br>(Audited)<br>HK\$'000 |
|-----------------------------------------------------------|---------------------------------------|------------------------------------|
| <b>At fair value, designated upon initial recognition</b> |                                       |                                    |
| Unlisted investment funds ( <i>Note</i> )                 | <b>256,646</b>                        | 50,692                             |

*Note:*

The unlisted investment funds represented (a) the Class A Shares of Green Asia Restructure SP, a segregated portfolio of Green Asia Restructure Fund SPC (the “Fund”) at a total subscription amount of approximately HK\$130 million and (b) the Class A Shares of Green Asia Restructure SP II, a segregated portfolio of the Fund at total subscription amount of approximately HK\$120 million.

The Fund is an exempted company incorporated with limited liability and registered as a segregated portfolio company in the Cayman Islands. The investment objective of the Fund is capital appreciation by engaging 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. The total fair value of these unlisted investment funds amounted to approximately HK\$256,646,000, which was established by reference to the prices quoted by the administrator based on the net assets value of the Fund.

## 12. OTHER RECEIVABLES

|                                         | 31/12/2017<br>(Unaudited)<br>HK\$'000 | 30/6/2017<br>(Audited)<br>HK\$'000 |
|-----------------------------------------|---------------------------------------|------------------------------------|
| Deposits, prepayments and other debtors | <b>3,197</b>                          | 2,725                              |
| Loan receivables ( <i>Note</i> )        | <b>95,250</b>                         | 50,250                             |
|                                         | <b>98,447</b>                         | 52,975                             |

*Note:*

Loan granted to borrowers are unsecured, bearing fixed interest rate ranged from 1.5% to 4% and are within the respective maturity dates.

## 13. TRADE AND OTHER PAYABLES

|                                                    | 31/12/2017<br>(Unaudited)<br>HK\$'000 | 30/6/2017<br>(Audited)<br>HK\$'000 |
|----------------------------------------------------|---------------------------------------|------------------------------------|
| <b>Trade payables</b>                              |                                       |                                    |
| To third parties ( <i>Note</i> )                   | <b>124,065</b>                        | 173,380                            |
| <b>Other payables</b>                              |                                       |                                    |
| Accrued charges and other creditors                | <b>15,694</b>                         | 6,686                              |
| Deposits from sale of properties under development | <b>14,976</b>                         | –                                  |
| Provision for land transfer fees                   | <b>21,850</b>                         | 21,850                             |
|                                                    | <b>176,585</b>                        | 201,916                            |

*Note:*

The ageing analysis of trade payables of the Group is presented based on recognition date at the end of the reporting period as follows:

|               | <b>31/12/2017</b><br><b>(Unaudited)</b><br><b>HK\$'000</b> | 30/6/2017<br>(Audited)<br>HK\$'000 |
|---------------|------------------------------------------------------------|------------------------------------|
| 0-90 days     | <b>2,435</b>                                               | –                                  |
| Over 365 days | <b>121,630</b>                                             | 173,380                            |
|               | <b>124,065</b>                                             | 173,380                            |

Included in the trade payables at 31 December 2017 and 30 June 2017 was outstanding construction cost of approximately RMB85 million (30 June 2017: RMB130 million) (equivalent to approximately HK\$98 million (30 June 2017: HK\$150 million)) due to a contractor for construction work of the properties under development from years 2013 to 2016. A settlement agreement was entered with the contractor in September 2017 and the outstanding balance will be repayable in accordance with an agreed schedule.

#### 14. SHARE CAPITAL

|                                                                           | <b>Number of<br/>ordinary shares</b> | <b>Amount<br/>HK\$'000</b> |
|---------------------------------------------------------------------------|--------------------------------------|----------------------------|
| <b>Authorised:</b>                                                        |                                      |                            |
| At 30 June 2017 and 31 December 2017,<br>ordinary shares of HK\$0.01 each | <b>6,000,000,000</b>                 | <b>60,000</b>              |
| <b>Issued and fully paid:</b>                                             |                                      |                            |
| At 30 June 2017 (Audited)                                                 | 2,087,590,739                        | 20,876                     |
| Placing of shares on 25 September 2017 ( <i>Note</i> )                    | 417,515,000                          | 4,175                      |
| <b>At 31 December 2017 (Unaudited)</b>                                    | <b>2,505,105,739</b>                 | <b>25,051</b>              |

*Note:*

On 25 September 2017, the Company completed the placing of 417,515,000 new ordinary shares of HK\$0.01 each in the share capital of the Company (the “Placing Shares”) at the price of HK\$0.4 per Placing Share (the “Placing”). The net proceeds from the Placing after deducting related expenses were approximately HK\$166,132,000.

#### 15. INVESTMENT PROPERTIES

|                                                                                        | <b>HK\$'000</b> |
|----------------------------------------------------------------------------------------|-----------------|
| <b>Fair value</b>                                                                      |                 |
| At 30 June 2017 (Audited)                                                              | 555,000         |
| Transferred to assets of disposal group classified as held for sale ( <i>Note 17</i> ) | (52,000)        |
| Net increase in fair value                                                             | 7,000           |
| <b>At 31 December 2017 (Unaudited)</b>                                                 | <b>510,000</b>  |

## 16. PROPERTIES UNDER DEVELOPMENT

|                              | 31/12/2017<br>(Unaudited)<br>HK\$'000 | 30/6/2017<br>(Audited)<br>HK\$'000 |
|------------------------------|---------------------------------------|------------------------------------|
| Properties under development | <b>766,379</b>                        | 756,037                            |

The properties under development are located in the PRC held under lease term of 40 years from 2014 to 2053. The development of the properties at 31 December 2017 and 30 June 2017 is expected to be completed after more than one year.

## 17. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 29 November 2017, Advantage Performance Limited (“APL”), a wholly-owned subsidiary of the Company entered into the agreement with an independent third party (the “Purchaser”) to dispose of the entire issued share capital in Genius Wise International Limited (“Genius Wise”) (including the sale loan), at the total consideration of HK\$52,000,000 (the “Disposal”). Details of the Disposal are set out in the Company’s announcement dated 29 November 2017.

At 31 December 2017, a deposit in the sum of HK\$5,200,000 was received in respect of the Disposal and reported as “Accrued charges and other creditors”.

Upon Completion of the Disposal, APL will cease to hold any interest in Genius Wise and its subsidiary, Applied Hong Kong Properties Limited (“AHKPL”) (collectively the “Disposal Group”) and Genius Wise will cease to be a subsidiary of the Company.

In accordance with HKFRS 5, the Group had reclassified the following assets and liabilities of the Disposal Group at 31 December 2017 as assets/liabilities of disposal group classified as held for sale in the Group’s condensed consolidated statement of financial position. The analysis is as follows:

|                                                                   | <i>HK\$'000</i> |
|-------------------------------------------------------------------|-----------------|
| <b>Assets of disposal group classified as held for sale:</b>      |                 |
| Investment property                                               | 52,000          |
| Deposits and other receivables                                    | 33              |
| Bank balances and cash                                            | 540             |
|                                                                   | <u>52,573</u>   |
| <b>Liabilities of disposal group classified as held for sale:</b> |                 |
| Accruals                                                          | 2               |
| Deposit received                                                  | 438             |
|                                                                   | <u>440</u>      |

Subsequent to 31 December 2017, on 15 February 2018, APL and the Purchaser entered into the termination agreement and mutually agreed to terminate the Disposal. Upon signing of the termination agreement, APL refunded the deposit of HK\$5,200,000 and paid the compensation of the termination of the Disposal of HK\$5,200,000 to the Purchaser.

On the same day, AHKPL entered into the agreement with an independent third party to dispose of the investment property, which reported as assets of disposal group classified as held for sale, at the consideration of HK\$63,000,000 (the “Property Disposal”). At the date of this announcement, deposits of HK\$6,300,000 were received in respect of the Property Disposal. The completion of the Property Disposal is expected to take place on or before 15 March 2018.

## **INTERIM DIVIDEND**

The Directors do not recommend an interim dividend for the six months ended 31 December 2017 (31 December 2016: nil).

## **RESULTS**

The Company record a loss of HK\$425,000 for the six months ended 31 December 2017 as compared to the profit of HK\$43,984,000 recorded for the six months ended 31 December 2016. The turnaround of the Group's results is mainly attributable to (i) the increase in fair value of investment properties of HK\$7,000,000 as compared to HK\$41,000,000 for the corresponding period in 2016; (ii) decrease in revenue of HK\$5,235,000 and (iii) the finance cost of HK\$8,311,000 for the six months ended 31 December 2017 (2016: HK\$nil).

## **BUSINESS REVIEW**

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

### **Resort and Property Development**

After the acquisition of the Wuxi Shengye at June 2017, the pre-sale of the part of the properties under development had commenced since in October 2017. At the end of the reporting period, the sales of approximately RMB26 million have been accumulated and the completion of which is expected to be in 2019.

### **Property Investment**

Reference is made to the Company's announcements dated 29 November 2017 and 15 February 2018, Advantage Performance Limited, the Company's wholly owned subsidiary entered into the Agreement and Termination Agreement with Platinum Ocean Consultancy Limited respectively and following the Termination Agreement, Applied Hong Kong Properties Limited, entered the Property Agreement with AHK International Limited to dispose of the investment property located at China Merchants Tower (the "Property") for a consideration of HK\$63,000,000. After the completion of the disposal, the Group will cease to hold the Property. The completion of the disposal will be taken by 15 March 2018.

The Group's investment properties contributed a total of rental income of HK\$2,452,000 for the six months ended 31 December 2017 (2016: HK\$5,691,000). The increase in fair value for the six months ended 31 December 2017 was HK\$7,000,000 (2016: HK\$41,000,000). The Board believes that the Group's remaining investment properties will continue to generate rental income to the Group.

### **Investment Holding**

For the six months ended 31 December 2017, the Group recorded interest income of HK\$1,799,000 (2016: HK\$1,254,000) on loan to third parties and interest income of HK\$nil (2016: HK\$1,762,000) on investments in corporate bonds, equity securities and other investments respectively.

During the six months ended 31 December 2017, the Group further invested in “Green Asia Restructure Fund SPII” and “Green Asia Restructure Fund SPI” and the carrying value of “Green Asia Restructure Fund SPC” was HK\$256,646,000 at 31 December 2017.

At 31 December 2017, the Company invested in 20% equity interests in Wealth Guide Global Limited (“Wealth Guide”) for a nominal value of US\$20 together with a shareholder loan of HK\$200,000,000. The total assets of Wealth Guide at 31 December 2017 was approximately HK\$1,147,000,000 representing an increase of approximately 14.7% compared with 31 December 2016.

## **FINANCIAL REVIEW**

### **Liquidity, Financial Resources and Capital Structure**

At 31 December 2017, the Group had current assets of HK\$1,407,472,000 (30 June 2017: HK\$1,202,931,000) and current liabilities of HK\$588,643,000 (30 June 2017: HK\$594,884,000), representing a current ratio of about 2.4 times (30 June 2017: 2 times). The Group’s total equity and the total bank and other borrowings as at 31 December 2017 amounted to HK\$1,412,853,000 (30 June 2017: HK\$1,247,146,000) and HK\$411,618,000 (30 June 2017: HK\$392,968,000) respectively, representing a gearing ratio of 29.1% (30 June 2017: 31.5%).

In September 2017, the Company successfully completed a placing of 417,515,000 new shares to independent investors at a price of HK\$0.4 per placing share (the “Shares Placing”), representing a discount of approximately 19.9% to the closing price of HK\$0.495 per share as quoted on the Stock Exchange on 6 September 2017, being the date of the placing agreement (further details of the placing are contained in the Company’s announcements dated 6 September 2017). The net proceeds of the placing amounted to HK\$166,132,000, representing a net price per placing share of approximately HK\$0.40, were intended to be used as general working capital of the Group and/or for attractive investment opportunities which might arise in future.

## **OUTLOOK**

After the acquisition of the Wuxi Shengye at the end of June 2017, the pre-sale of the properties under development commenced in October 2017 and the completion is expected to be in 2019. The Board believes that the sales of the properties under development will bring revenue to the Group.

The Group will continue to look for the best opportunities or investments including but not limited to the investments in property investment, resort and property development and investment holding business.

## **PLEDGE OF ASSETS**

At 31 December 2017 and 30 June 2017, the Group had provided the following security for banking facilities granted to the Company:

- (i) pledge of investment properties of the Group with a carrying amount of HK\$510,000,000 (30 June 2017: HK\$550,000,000);
- (ii) assignment agreements in respect of rental income of the Group's investment properties duly executed by the Group in favour of the bank; and
- (iii) assignment agreements in respect of insurance of the Group's investment properties duly executed by the Group in favour of the bank.

## **LITIGATION**

The Group has no material litigation which had to be disclosed.

## **HUMAN RESOURCES AND REMUNERATION POLICY**

At 31 December 2017, the Group employed a total of 24 (2016: 4) full-time employees and executive directors. The Group's total staff costs including directors' emoluments amounted to HK\$3,530,000 for the six months ended 31 December 2017 (2016: HK\$3,575,000). The remuneration packages for directors and employees are normally reviewed annually and are structured by reference to market terms and individual competence, performance and experience. The Group also provides medical insurance coverage and operates a provident fund scheme for its employees in Hong Kong.

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

During the six months ended 31 December 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE**

The Company is committed to adopting the best corporate governance practices and procedures throughout the Group. It strives to enhance transparency and independency of operation through the use of an effective accountability system to enable a healthy and sustainable development of the Company.

The Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules throughout the six months ended 31 December 2017, save in respect of code provisions A.4.2. Details of the deviations are set out in the paragraphs below:

Under code provision A.4.2 of the CG Code, all directors who are appointed to fill casual vacancies are subject to re-election at the first general meeting after their appointments by the Board, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Bye-laws of the Company (the “Bye-laws”) deviates from this code provision in the following aspects:

- (a) Under Bye-law 86(2) of the Bye-laws, amongst other things, the directors have the power to appoint any person as a director, either to fill a casual vacancy on the Board, or, subject to authorisation by the shareholders in general meeting, as an addition to the existing Board. Any director so appointed by the Board shall hold office until the next following annual general meeting of the Company.

The reason for retaining this Bye-law is for the purpose of compliance with paragraph 4(2) of Appendix 3 of the Listing Rules. The requirement for directors appointed to fill casual vacancies or as additional members of the Board to retire only at the next annual general meeting, rather than at the next general meeting also allows shareholders to consider re-election of such new directors at the same time as the re-election of the directors who are subject to retirement by rotation, at the same general meeting.

- (b) Under Bye-law 87(1) of the Bye-laws, at the annual general meetings of the Company, one third of the directors for the time being (or where the number is not a multiple of three, the number nearest to, but not greater than one third), including the independent non-executive directors, shall retire from office by rotation, provided that the chairman of the Board and/or the managing director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. Notwithstanding the provisions of Bye-law 87(1), in practice, the Chairman of the Board of the Company, Mr. Yao Wei Rong will voluntarily submit himself for re-election by shareholders at the annual general meeting of the Company at least once every three years. Accordingly in practice, all directors of the Company (including the independent non-executive directors), are subject to retirement by rotation at least once every three years. All independent non- executive directors are appointed for a term of three years, and are subject to retirement by rotation in accordance with the Bye-laws.

Apart from the above deviation, the Company has always been committed to good corporate governance principles and practices to safeguard the interests of its shareholders and uphold accountability, transparency and responsibility of the Company.

The Company regularly reviews its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

## AUDIT COMMITTEE

The unaudited condensed consolidated financial statements of the Company for the six months ended 31 December 2017 have been reviewed by the Audit Committee before they are duly approved by the Board under the recommendation of the Audit Committee.

## MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules. Having made specific enquiries of all the Directors, all the Directors have confirmed that they had complied with the required standard set out in the Model Code during the six months ended 31 December 2017.

## PUBLICATION OF INFORMATION ON WEBSITES

This results announcement is available for viewing on the website of the Stock Exchange at <http://www.hkex.com.hk> and on the website of the Company at <http://www.applieddev.com>.

By Order of the Board  
**Applied Development Holdings Limited**  
**Yao Wei Rong**  
*Chairman & Executive Director*

Hong Kong, 26 February 2018

*As at the date of this announcement, the Executive Directors are Mr. Yao Wei Rong (Chairman), Mr. Yuen Chi Ping (Chief Executive Officer) and Ms. Ng Kit Ling; the Non-executive Director is Mr. Guo Shun Gen and the Independent Non-executive Directors are Mr. Lau Chi Keung, Mr. Yu Tat Chi, Michael and Mr. Chiu Kit Man, Calvin.*

\* *For identification purpose only*

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