APPLIED DEVELOPMENT HOLDINGS LIMITED

實力建業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 519)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2019

The board (the "Board") of directors (the "Directors") of Applied Development Holdings Limited (the "Company") hereby announces the audited consolidated financial results of the Company and its subsidiaries (collectively the "Group") for the financial year ended 30 June 2019, together with the comparative figures for the previous year prepared in accordance with the generally accepted accounting principles in Hong Kong as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000*
Revenue	*3*	**17,011**	3,743
Other revenue	*3*	**3,378**	4,310
Other income	*4*	**1,015**	57
Net (loss) gain on disposal of financial assets at FVPL		**(10,572)**	3,660
Net (decrease) increase in fair value of financial assets at FVPL		**(18,838)**	9,596
Net increase in fair value of investment properties	*10*	**44,535**	27,000
Net gain on disposal of investment properties	*10*	**8,316**	4,556
Write-down of properties under development		**(65,576)**	–
Impairment loss on loans receivables	*14*	**(4,835)**	–
Selling expenses		**(14,499)**	(4,389)
Administrative expenses		**(20,194)**	(23,648)
Finance costs	*6*	**(17,956)**	(16,089)

	Notes	**2019** *HK$'000*	2018 *HK$'000*
(Loss) Profit before taxation	*7*	**(78,215)**	8,796
Taxation	*8*	**464**	1,842
(Loss) Profit for the year		**(77,751)**	10,638
Other comprehensive (loss) income			
Items that may be reclassified subsequently to profit or loss			
– Change in fair value of available-for-sale financial assets		**–**	37
– Exchange differences arising on translation of foreign operations		**(6,928)**	3,944
		(6,928)	3,981
Items that will not be reclassified to profit or loss			
– Change in fair value of Designated FVOCI		**(10)**	–
Other comprehensive (loss) income for the year, net of tax		**(6,938)**	3,981
Total comprehensive (loss) income for the year		**(84,689)**	14,619
(Loss) Earnings per share	*9*		
Basic		**(3.10) HK cents**	0.44 HK cents
Diluted		**(3.10) HK cents**	0.44 HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Investment properties	*10*	**454,000**	530,000
Property, plant and equipment		**688**	126
Available-for-sale financial assets	*11*	**–**	200,185
Designated FVOCI	*11*	**175**	–
		454,863	730,311
Current assets			
Properties under development	*13*	**917,107**	820,929
Financial assets at FVPL	*12*	**718,271**	245,154
Other receivables	*14*	**112,997**	145,736
Restricted deposits		**22,298**	–
Bank balances and cash		**98,413**	243,793
		1,869,086	1,455,612
Assets classified as held for sale	*15*	**35,732**	–
		1,904,818	1,455,612
Current liabilities			
Accounts and other payables	*16*	**512,703**	228,114
Interest-bearing borrowings	*17*	**390,795**	414,491
		903,498	642,605

	2019	2018
	HK$'000	*HK$'000*
Net current assets	**1,001,320**	813,007
Total assets less current liabilities	**1,456,183**	1,543,318
Non-current liabilities		
Deferred tax liabilities	**112,975**	115,421
Net assets	**1,343,208**	1,427,897
Capital and reserves		
Share capital	**25,051**	25,051
Reserves	**1,318,157**	1,402,846
Total equity	**1,343,208**	1,427,897

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company is Suite 803, 8/F., Harcourt House, 39 Gloucester Road, Wan Chai, Hong Kong.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

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

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2018 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

Adoption of new/revised HKFRSs

Amendments to HKAS 40: Transfers of Investment Property

The amendments clarify that, to transfer to or from, investment properties, there must be a change in use. A change in use would involve (a) an assessment of whether a property meets, or has ceased to meet, the definition of investment property; and (b) supporting evidence that a change in use has occurred.

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

Amendments to HKFRS 2: Classification and Measurement of Share-based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

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

HK(IFRIC)-Int 22: Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognised the non-monetary asset or non-monetary liability arising from the advance consideration.

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

HKFRS 9: Financial Instruments

The following terms are used in these consolidated financial statements:

- FVPL: fair value through profit or loss.
- FVOCI: fair value through other comprehensive income.
- Designated FVOCI: equity instruments measured at FVOCI.
- Mandatory FVOCI: debt instruments measured at FVOCI.

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. It introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment for financial assets and hedge accounting.

In accordance with the transitional provisions in HKFRS 9, comparative information has not been restated and the Group has applied HKFRS 9 retrospectively to financial instruments that existed at 1 July 2018 (i.e. the date of initial application), except as described below:

(a) The following assessments are made on the basis of facts and circumstances that existed at the date of initial application:

    (i) the determination of the business model within which a financial asset is held;

    (ii) the designation of financial assets or financial liabilities at FVPL or, in case of financial assets, at Designated FVOCI; and

    (iii) the de-designation of financial assets or financial liabilities at FVPL.

    The above resulting classification shall be applied retrospectively.

(b) If, at the date of initial application, determining whether there has been a significant increase in credit risk since initial recognition would require undue cost or effort, a loss allowance is recognised at an amount equal to lifetime expected credit losses at each reporting date until the financial instrument is derecognised unless that financial instrument has low credit risk at a reporting date.

(c) For investments in equity instruments that were measured at cost under HKAS 39, the instruments are measured at fair value at the date of initial application.

Differences between the previous carrying amounts under HKAS 39 and the current carrying amounts upon adoption of HKFRS 9 are recognised directly in components of equity at 1 July 2018 as summarised below:

	Investment revaluation reserve (recycling)	Investment revaluation reserve (non-recycling)	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 July 2018			
Reclassification	387	(387)	–
Increase (Decrease)	387	(387)	–

Classification and measurement of financial assets and financial liabilities

The adoption of HKFRS 9 has no significant effect on the classification and measurement of the Group's financial liabilities.

The following table reconciles the original measurement categories and carrying amounts under HKAS 39 to the new measurement categories and carrying amounts under HKFRS 9 for each class of the Group's financial assets as at 1 July 2018.

		Measurement category and carrying amount under HKFRS 9		
Measurement category under HKAS 39	Carrying amount under HKAS 39	**Amortised cost**	**Designated FVOCI**	**FVPL**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale financial assets				
Listed equity securities, at fair value *(note i)*	**185**	**–**	**185**	**–**
Unlisted equity securities, at cost *(note ii)*	**–**	**–**	**–**	**–**
Loan to an affiliate company, at cost *(note ii)*	**200,000**	**–**	**–**	**200,000**
Financial assets at FVPL *(note iii)*				
Unlisted investment funds	**199,903**	**–**	**–**	**199,903**
Listed debt instruments				
– Hong Kong	**37,454**	**–**	**–**	**37,454**
– Overseas	**7,797**	**–**	**–**	**7,797**
Loans and receivables *(note iv)*				
Other receivables (excluding prepayments)	**138,670**	**138,670**	**–**	**–**
Bank balances and cash	**243,793**	**243,793**	**–**	**–**
	827,802	**382,463**	**185**	**445,154**

Notes:

(i) The listed equity securities that were previously classified as available-for-sale financial assets amounted to HK$185,000 are now classified as Designated FVOCI since, at the date of initial application, these investments are neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies and are designated as Designated FVOCI.

Related fair value losses of HK$387,000 as at 1 July 2018 were transferred from investment revaluation reserve (recycling) to investment revaluation reserve (non-recycling) on 1 July 2018.

(ii) The unlisted equity securities and loan to an affiliate company that were previously classified as available-for-sale financial assets amounted to US$20 (equivalent to approximately HK$156) and HK$200,000,000 respectively are now classified as FVPL since, at the date of initial application, these investments are not designated or eligible to be designated as Designated FVOCI.

No fair value changes as at 1 July 2018 were transferred from investment revaluation reserves to accumulated profits on 1 July 2018.

(iii) The unlisted investment funds and listed debt instruments that were previously classified as financial assets at FVPL amounted to HK$199,903,000 and HK$45,251,000 respectively continue to be classified as financial assets at FVPL because, at the date of initial application, the Group's business model is to hold these investments for sale.

(iv) These items continue to be measured at amortised cost because, at the date of initial application, the Group's business model is to hold these investments to collect the contractual cash flows and the cash flows represent solely payments of principal and interest on the principal amount outstanding.

Expected credit loss ("ECL")

The ECL model under HKFRS 9 requires an entity to account for ECL and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Impairment based on ECL model on these financial assets upon the adoption of HKFRS 9 has no significant financial impact to the consolidated financial statements.

HKFRS 15: Revenue from Contracts with Customers

HKFRS 15 replaces, among others, HKAS 18 and HKAS 11 which specified the revenue recognition arising from sale of goods and rendering of services and the accounting for construction contracts respectively. The standard establishes a comprehensive framework for revenue recognition and certain costs from contracts with customers within its scope. It also introduces a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group has elected to apply the cumulative effect transition method and recognised the cumulative effect of initial adoption as an adjustment to the opening balance of components of equity at 1 July 2018 (i.e. the date of initial application). Therefore, the comparative information has not been restated for the effect of HKFRS 15.

In addition, the Group has applied HKFRS 15 retrospectively only to contracts that were not completed at 1 July 2018 in accordance with the transitional provisions therein.

The adoption of HKFRS 15 has no significant effect on the recognition and measurement of the Group's revenue.

Significant financing components

Before the adoption of HKFRS 15, the Group adjusted the contract consideration for the time value of money only when payments are deferred. However, HKFRS 15 requires such adjustments when a contract contains a significant financing component (unless the practical expedient in paragraph 63 of HKFRS 15 is applied), regardless of whether the payments are received in advance or in arrears. The payments for some sales contracts of goods are received in advance and therefore the contract consideration is now adjusted for the effect of the significant financing component (which is recognised as an interest expense during the relevant contract period), except for those contracts in which the period between the transfer of promised goods or services and the payments is one year or less given that the Group has applied the practical expedient.

Sales commissions

Before the adoption of HKFRS 15, the Group recognised sales commissions paid or payable to agents as a result of obtaining sales contracts for the Group when incurred. However, under HKFRS 15, the Group is required to capitalise such commissions as costs of obtaining contracts when they are incremental and recoverable, except when the practical expedient in paragraph 94 of HKFRS 15 is applied. The capitalised commissions are charged to profit or loss over the term of the specific existing and anticipated contracts to which the costs relate and are included in "selling expenses".

Presentation of receivable, contract assets and contract liabilities

Within the context of HKFRS 15, a receivable is an entity's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due. If an entity performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the entity shall present the contract as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or an entity has a right to an amount of consideration that is unconditional, before the entity transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

Before the adoption of HKFRS 15, contract balances relating to construction contracts in progress were presented in the consolidated statement of financial position under "receipt in advance". However, under HKFRS 15, certain of the balances are reclassified into "contract assets" or "contract liabilities" where appropriate.

Future changes in HKFRSs

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

Annual Improvements to HKFRSs	2015 – 2017 Cycle[1]
HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKAS 19	Employee benefits[1]
Amendments to HKAS 28	Investments in Associates and Joint Ventures[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKASs 1 and 8	Definition of Material[2]
Amendments to HKFRS 3	Definition of a Business[3]
HKFRS 17	Insurance Contracts[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after 1 January 2020

3 Effective for acquisitions that occur on or after the beginning of the first annual period beginning on or after 1 January 2020

4 Effective for annual periods beginning on or after 1 January 2021

5 The effective date to be determined

Except for HKFRS 16 set out below, the directors of the Company do not anticipate that the application of these new/revised HKFRSs will have any material impact on the Group's consolidated financial statements in the future.

HKFRS 16 Leases

HKFRS 16 significantly changes, among others, the lessee accounting by replacing the dual model under HKAS 17 with a single model which requires a lessee to recognise right-of-use and lease liabilities for the rights and obligations created by all leases with a term of more than 12 months, unless the underlying asset is of low value. For lessor accounting, HKFRS 16 substantially carry forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. HKFRS 16 also requires enhanced disclosures to be provided by lessees and lessors.

The initial application of HKFRS 16 will result in recognition of right-of-use assets and lease liabilities for certain leases of the Company that are currently classified as operating leases under HKAS 17. Subsequently, depreciation (and, if applicable, impairment loss) and interest will be recognised on the right-of-use assets and the lease liabilities respectively. The total amount charged to profit or loss for each reporting period is not expected to be significantly different from the operating lease expense recognised under HKAS 17.

3. REVENUE

	2019	2018
	HK$'000	*HK$'000*
Revenue		
Gross rental income from investment properties	**457**	2,772
Interest income from financial assets at FVPL	**2,475**	971
Dividend income from financial assets at FVPL	**14,079**	–
	17,011	3,743
Other revenue		
Bank interest income	**324**	1,353
Loan interest income	**3,043**	2,957
Other	**11**	–
	3,378	4,310
	20,389	8,053

4. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Exchange gain, net	**693**	–
Sundry income	**322**	57
	1,015	57

5. SEGMENT INFORMATION

Management identifies operating segments based on internal reports that are regularly reviewed by the chief operating decision makers, who are the executive directors of the Company, for the purposes of allocating resources to segments and assessing their performance. The executive directors of the Company consider resort and property development, property investment and investment holding are the Group's major operating segments. No revenue has been earned by the resort and property development segment as the properties under development were not yet completed. The property investment segment includes mainly commercial properties that are held for capital appreciation or to earn rental income. The investment holding segment includes holding of unlisted investment funds, equity securities and debt instruments and other assets. No operating segments have been aggregated.

Segment revenue and results for the year ended 30 June 2019 are presented below:

	Resort and property development *HK$'000*	**Property investment** *HK$'000*	**Investment holding** *HK$'000*	**Total** *HK$'000*
Revenue	**–**	**457**	**16,554**	**17,011**
Other revenue and income	**687**	**–**	**33**	**720**
	687	**457**	**16,587**	**17,731**
Results				
Segment results	**(84,647)**	**51,195**	**(17,875)**	**(51,327)**
Unallocated corporate income				**3,673**
Unallocated corporate expenses				**(12,605)**
Finance costs				**(17,956)**
Loss before taxation				**(78,215)**
Taxation				**464**
Loss for the year				**(77,751)**

Segment assets and liabilities as at 30 June 2019 and other segment information for the year ended 30 June 2019 are presented below:

	Resort and property development *HK$'000*	Property investment *HK$'000*	Investment holding *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Assets	**990,991**	**522,852**	**725,239**	**2,239,082**	**120,599**	**2,359,681**
Liabilities	**(638,027)**	**(276,670)**	**(101,503)**	**(1,016,200)**	**(273)**	**(1,016,473)**
Other segment information:						
Additions to property, plant and equipment/ investment properties	**107**	**13,015**	**565**	**13,687**	**–**	**13,687**
Depreciation of property, plant and equipment	**47**	**–**	**61**	**108**	**–**	**108**
Net loss on disposal of financial assets at FVPL	**–**	**–**	**(10,572)**	**(10,572)**	**–**	**(10,572)**
Net decrease in fair value of financial assets at FVPL	**–**	**–**	**(18,838)**	**(18,838)**	**–**	**(18,838)**
Net increase in fair value of investment properties	**–**	**44,535**	**–**	**44,535**	**–**	**44,535**
Net gain on disposal of investment properties	**–**	**8,316**	**–**	**8,316**	**–**	**8,316**
Write-down of properties under development	**(65,576)**	**–**	**–**	**(65,576)**	**–**	**(65,576)**
Impairment loss of loans receivables	**–**	**–**	**(4,835)**	**(4,835)**	**–**	**(4,835)**

Segment revenue and results for the year ended 30 June 2018 are presented below:

	Resort and property development *HK$'000*	**Property investment** *HK$'000*	**Investment holding** *HK$'000*	**Total** *HK$'000*
Revenue	–	2,772	971	3,743
Other revenue and income	97	–	9	106
	97	2,772	980	3,849
Results				
Segment results	(12,992)	32,292	13,910	33,210
Unallocated corporate income				4,261
Unallocated corporate expenses				(12,586)
Finance costs				(16,089)
Profit before taxation				8,796
Taxation				1,842
Profit for the year				10,638

Segment assets and liabilities as at 30 June 2018 and other segment information for the year ended 30 June 2018 are presented below:

	Resort and property development	**Property investment**	**Investment holding**	**Segment total**	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets	853,121	530,725	445,349	1,829,195	356,728	2,185,923
Liabilities	(408,583)	(348,766)	(499)	(757,848)	(178)	(758,026)
Other segment information:						
Additions to property, plant and equipment	36	–	–	36	–	36
Depreciation of property, plant and equipment	122	–	14	136	–	136
Net gain on disposal of financial assets at FVPL	–	–	3,660	3,660	–	3,660
Net increase in fair value of financial assets at FVPL	–	–	9,596	9,596	–	9,596
Net increase in fair value of investment properties	–	27,000	–	27,000	–	27,000
Net gain on disposal of an investment property	–	4,556	–	4,556	–	4,556

There was no revenue generated from inter-segment transactions for both years. 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 credit. Total assets and liabilities represent all assets and liabilities under each segment together with unallocated corporate assets and liabilities other than those that have been eliminated in consolidation.

Geographical information

The Group's operations are principally located in Hong Kong, Singapore and the People's Republic of China (the "PRC") (other than Hong Kong).

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

	Revenue by geographical market	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**16,567**	3,629
Singapore	**444**	114
	17,011	3,743

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

	Carrying amounts of non-current assets	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**454,513**	530,010
The PRC	**175**	116
	454,688	530,126

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

Information about major customers

None of external customers contributed 10% or more of the revenue from the Group for the year ended 30 June 2019. Two of external customers individually contributed 10% or more of the revenue from the Group's property investment segment for the year ended 30 June 2018.

	2019	2018
	HK$'000	*HK$'000*
Customer A	**–**	1,678
Customer B	**–**	1,094

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest expenses on bank and other borrowings	**26,584**	16,733
Less: Interest capitalised into properties under development	**(8,628)**	(644)
	17,956	16,089

7. (LOSS) PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	2019	2018
	HK$'000	*HK$'000*
Staff costs, including directors' emoluments		
Salaries and other benefits	**7,584**	6,881
Retirement benefit scheme contributions	**459**	448
Total staff costs	**8,043**	7,329
Other items		
Auditor's remuneration	**835**	700
Depreciation of property, plant and equipment	**108**	136
Direct operating expenses relating to investment properties that generated rental income	**–**	–
Direct operating expenses relating to investment properties that did not generate rental income	**1,381**	1,201
Exchange (gain) loss, net	**(693)**	629
Operating lease payments on premises	**1,493**	1,952

8. TAXATION

In March 2018, the two-tiered profits tax rates regime was signed into law of Hong Kong, under which, the first HK$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of corporations in the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Hong Kong Profits Tax has not been provided as the Group's estimated assessable profits for the years ended 30 June 2019 and 2018 are wholly absorbed by unrelieved tax losses brought forward from previous years.

Taxation arising in the PRC, if applicable, is calculated at the rates based on existing legislation, interpretations and practices in respect thereof.

The tax credit comprises:

	2019	2018
	HK$'000	*HK$'000*
Deferred taxation		
Recognition of tax losses	**(464)**	(1,842)
Tax credit	**(464)**	(1,842)

9. (LOSS) EARNINGS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
(Loss) Profit for the year for the purposes of calculating basic earnings per share	**(77,751)**	10,638

	2019	2018
	No. of shares	*No. of shares*
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	**2,505,105,739**	2,428,465,999

For the years ended 30 June 2019 and 2018, diluted (loss) earnings per share is the same as basic (loss) earnings per share. The Company did not have any dilutive potential ordinary shares during the years ended 30 June 2019 and 2018.

10. INVESTMENT PROPERTIES

	2019	2018
	HK$'000	*HK$'000*
Fair value		
At the beginning of the reporting period	**530,000**	555,000
Additions to investment properties *(note (a))*	**13,015**	–
Disposal of investment properties *(note (b))*	**(97,818)**	(52,000)
Transfer to assets classified as held for sale *(note 15)*	**(35,732)**	–
Increase in fair value	**44,535**	27,000
At the end of the reporting period	**454,000**	530,000

Notes:

(a) In February 2019, the Group completed the subdivision of the investment property into 22 units and incurred aggregate construction costs of HK$13,015,000, which has been recognised as additions to investment properties.

(b) In March 2019, the Group entered into a sales and purchase agreement with a third party, pursuant to which the Group agreed to sell investment properties at an aggregate consideration of HK$108,300,000 with aggregate transaction costs of HK$2,166,000. A net gain on disposal of investment properties amounting to approximately HK$8,316,000 was recognised in profit or loss for the year ended 30 June 2019.

(c) The investment properties of the Group are situated in Hong Kong. The remaining unexpired lease term of investment properties is within the range from 10 to 50 years.

11. DESIGNATED FVOCI/AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Notes	**2019** **HK$'000**	2018 HK$'000
Available-for-sale financial assets			
Listed equity securities at fair value			
– Hong Kong	*(a)*	**–**	185
Unlisted equity securities, at cost	*(b)*	**–**	–
Loan to an affiliate company, at cost	*(b)*	**–**	200,000
		–	200,185
Designated FVOCI			
Listed equity securities at fair value			
– Hong Kong	*(a)*	**175**	–
		175	200,185

Notes:

(a) The fair value of the listed equity securities is determined on the basis of quoted market price at the end of the reporting period.

(b) As at 30 June 2018, 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$200,000,000 in proportion to the Group's equity 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.

Wealth Guide is a company incorporated in the British Virgin Islands. The principal activity of Wealth Guide is investment holdings and the major investments are equity securities and other investments.

In the opinion of the directors of the Company, 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 shareholder's loan are accounted for as available-for-sale financial assets measured at cost less impairment loss. Upon the adoption of HKFRS 9 on 1 July 2018, the investment in Wealth Guide has been reclassified as financial assets at FVPL.

12. FINANCIAL ASSETS AT FVPL

	Notes	2019 HK$'000	2018 HK$'000
Unlisted investment funds	*(a)*	**199,997**	199,903
Listed equity securities – Hong Kong	*(b)*	**498,313**	–
Listed debt instruments			
– Hong Kong	*(c)*	**15,930**	37,454
– Overseas	*(d)*	**4,031**	7,797
		718,271	245,154

Notes:

(a) The unlisted investment funds represented 100% Class A participating, redeemable, non-voting shares of Green Asia Restructure SP and 100% Class A participating, redeemable, non-voting shares of Green Asia Restructure SP II (collectively referred to as the "Funds") with carrying amount of approximately HK$138,898,000 and HK$61,099,000 *(2018: HK$138,859,000 and HK$61,044,000)* respectively. The Funds are segregated portfolios managed by Green Asia Restructure Fund SPC.

The Funds are exempted companies incorporated with limited liability and registered as segregated portfolio companies in the Cayman Islands. The investment objective of the Funds 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 fair value of these unlisted investment funds amounting to approximately HK$199,997,000 *(2018: approximately HK$199,903,000)* was established by reference to the prices evaluated by a professional external valuer *(2018: quoted by the administrator)* based on the net assets value of the Funds at the end of the reporting period.

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

(i) On 28 June 2018, Dragon Bell Group Limited ("Dragon Bell"), a wholly-owned subsidiary of the Company, entered into a cornerstone investment agreement, pursuant to which Dragon Bell has subscribed for the shares of Redsun Properties Group Limited ("Redsun") at offer price for an aggregate consideration of HK$300,000,000.

On 9 July 2018, Dragon Bell entered into a margin loan agreement, pursuant to which CCB International Securities Limited granted Dragon Bell a margin loan facility with principal amount of up to HK$100,000,000. The purpose of the margin loan was for partial funding of the subscription of Redsun's shares in the upcoming initial public offering. The Company has provided continuing guarantee in favour of Dragon Bell to guarantee the settlement of all liabilities and obligation of Dragon Bell under the margin loan agreement.

Redsun was listed on the Main Board of the Stock Exchange (stock code: 1996) on 12 July 2018. 131,578,000 ordinary shares at offer price of HK$2.28 per share, representing approximately 4% of equity interest in Redsun, were allotted to the Group. Such investment has been recognised as financial assets at FVPL. At the end of the reporting period, the carrying amount of investment in Redsun and its corresponding margin loan amounted to HK$351,313,000 and HK$100,000,000 respectively *(2018: HK$Nil and HK$Nil)*.

(ii) As mentioned in note 11(b) to the consolidated financial statements, on 14 June 2019, the Group entered into an agreement with Wealth Guide to settle the loan of HK$200,000,000 by 140,000,000 ordinary shares of Zall Smart Commerce Group Limited ("Zall") with fair value of HK$214,200,000 as at the completion date held by Wealth Guide. A gain of HK$14,200,000 on settlement of shareholders' loan was recognised in profit or loss during the year and the fair value of ordinary shares of Zall of HK$214,200,000 was recognised as financial assets at FVPL on the same date. At the end of the reporting period, the carrying amount of investment in Zall amounted to HK$147,000,000 *(2018: HK$Nil)*.

(c) At the end of the reporting period, the Group held debt instruments listed in Hong Kong amounting to approximately HK$15,930,000 *(2018: HK$37,454,000)*, which bore fixed interest rate ranging from 4.75% to 6.25% *(2018: 4.75% to 7.10%)* per annum. The fair value of these debt instruments at the end of the reporting period was determined on the basis of quoted market price.

(d) At the end of the reporting period, the Group held debt instruments listed overseas amounting to approximately HK$4,031,000 *(2018: HK$7,797,000)*, which bore fixed interest rate at 5.875% *(2018: ranging from 5.875% to 6.85%)* per annum. The fair value of these debt instruments at the end of the reporting period was determined on the basis of quoted market price.

Before 1 July 2018, the financial instruments were designated at fair value upon initial recognition as they are managed and evaluated on a fair value basis.

13. PROPERTIES UNDER DEVELOPMENT

	2019	2018
	HK$'000	*HK$'000*
Properties under development ("PUD")	**917,107**	820,929

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

At the end of the reporting period, the PUD with carrying amount of approximately HK$368,000,000 *(2018: HK$Nil)* is expected to be completed within one year and the remaining balances is expected to be completed after more than one year.

14. OTHER RECEIVABLES

		2019	2018
	Notes	***HK$'000***	*HK$'000*
Loan and interest receivables	*(a)*	**70,485**	107,000
Loss allowance	*(c)*	**(4,835)**	–
		65,650	107,000
Deposits, prepayments and other debtors	*(b)*	**26,803**	7,670
Dividend receivables		**14,079**	–
Prepaid PRC land appreciation tax		**5,807**	1,066
Due from a security broker		**658**	30,000
		47,347	38,736
		112,997	145,736

Notes:

(a) Loans granted to third party borrowers are unsecured, bearing fixed interest rates at 4% *(2018: ranging from 4% to 6%)* per annum and receivable within twelve months.

(b) Included in deposits, prepayments and other debtors, a consideration receivable of HK$10,830,000 *(2018: HK$Nil)* for disposal of investment properties *(note 10)* and prepaid other PRC taxes of HK$9,851,000 *(2018: HK$1,767,000)*.

(c) As at 30 June 2019, the Group recognised loss allowance of HK$4,835,000 *(2018: HK$Nil)* on the balances. The movement in the loss allowance for the balances during the year is summarised below. The comparative amounts represent the loss allowance for impairment losses recognised under HKAS 39.

	2019	2018
	HK$'000	*HK$'000*
At the beginning of the reporting period	**–**	–
Increase in allowance	**4,835**	–
At the end of the reporting period	**4,835**	–

15. ASSETS CLASSIFIED AS HELD FOR SALE

In May 2019, the Group entered into a sale and purchase agreement with a third-party, to dispose of an investment property at a cash consideration of HK$35,732,000. The disposal transaction is expected to be completed within one year. The investment property as at 30 June 2019 was classified as assets held for sale and as follows:

	2019	2018
	HK$'000	*HK$'000*
Investment properties	**35,732**	–

The investment property is included in the property investment segment.

16. ACCOUNTS AND OTHER PAYABLES

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Accounts payables			
To third parties	*(a)*	**100,670**	109,738
Other payables			
Accrued charges and other creditors		**19,298**	5,537
Deposits received	*(b)*	**21,178**	8,825
Contract liabilities / Receipt in advance	*(c)*	**349,897**	81,974
Provision for land transfer fees		**21,660**	22,040
		412,033	118,376
		512,703	228,114

Notes:

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

	2019	2018
	HK$'000	*HK$'000*
Within 365 days	**66,763**	40,760
Over 365 days	**33,907**	68,978
	100,670	109,738

(b) Deposits received represent intention deposits received from potential customers for purchase of PUD of approximately HK$21,178,000 *(2018: HK$8,825,000)*.

(c) Contract liabilities / Receipt in advance

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

	2019
	HK$'000
At the beginning of the reporting period	**81,974**
Receipt in advance	**269,336**
Exchange realignment	**(1,413)**
At the end of the reporting period	**349,897**

As at 30 June 2019, none of the contract liabilities that are expected to be settled after more than 12 months.

17. INTEREST-BEARING BORROWINGS

		2019	2018
	Notes	***HK$'000***	*HK$'000*
Current portion			
Bank borrowings, secured	*(a)*	**272,190**	348,000
Other borrowings, secured	*(b)*	**100,000**	–
Other borrowings, unsecured	*(c)*	**18,605**	66,491
		390,795	414,491

Notes:

(a) At the end of the reporting period, the Group's bank borrowings carry interest rates at 2% below Hong Kong Dollar Prime Rate *(2018: 2% below Hong Kong Dollar Prime Rate)* and are repayable in November 2019 *(2018: in November 2019)*. The effective interest rate during the year was 3.01% *(2018: 4.39%)* per annum. At the end of the reporting period, bank loan with a clause in their terms that gives the bank an overriding rights to demand for repayment without notice or with notice period of less than 12 months at its sole discretion are classified as current liabilities even though the directors do not expect that the banks would exercise their right to demand repayment. The bank borrowings are secured by the assets of the Group as follows:

(i) pledge of investment properties of the Group (including assets classified as held for sale) with a carrying amount of approximately HK$489,732,000 *(2018: approximately HK$530,000,000)*;

(ii) assignment agreements in respect of rental income of the Group's investment properties duly executed by the Group in favour of the bank. During the year ended 30 June 2019, rental income of approximately HK$457,000 *(2018: approximately HK$1,678,000)* was generated from the investment property;

(iii) assignment agreements in respect of insurance compensation of the Group's investment properties duly executed by the Group in favour of the bank; and

(iv) corporate guarantee provided by the Company.

(b) As mentioned in note 12(b)(i) to the consolidated financial statements, the secured margin loans from a security broker is interest-bearing at 8% per annum and repayable on demand. As at 30 June 2019, the carrying amount of equity securities classified under financial assets at FVPL of approximately HK$351,313,000 *(2018: HK$Nil)* was pledged as collateral to the margin loans and a corporate guarantee provided by the Company to guarantee the settlement of all liabilities and obligation under margin loan.

(c) At the end of the reporting period, the Group's other borrowings are unsecured and bearing fixed interest rates ranging from 10% to 24% *(2018: 10% to 24%)* per annum and repayable within twelve months or on demand.

18. DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 30 June 2019 *(2018: HK$Nil)*.

19. EVENTS AFTER REPORTING PERIOD

In addition to the events disclosed elsewhere in this results announcement, the Group had the following subsequent events:

(a) On 26 July 2019, Dragon Bell, a wholly-owned subsidiary of the Company, disposed of 18,500,000 ordinary shares of Redsun at a price of HK$2.55 per share with aggregate consideration of HK$47,175,000 and completed in July 2019. A net loss of disposal of financial assets at FVPL amounted to HK$2,220,000 would be recognised in the year ending 30 June 2020.

On 15 August 2019, Dragon Bell entered into a sales and purchase agreement with a third party, to dispose of 37,000,000 ordinary shares of Redsun at prices ranged from HK$2.30 to HK$2.75 per share. The disposal is expected to be completed in October 2019. Details of the disposal were set out in the Company's announcement dated 15 August 2019.

(b) On 14 June 2019, Superform Investment Limited (an indirect wholly-owned subsidiary of the Company), as landlord, entered into the tenancy agreement with the then substantial shareholder, Ruihua (International) Fund Limited, as tenant, in respect of the premises, located at offices 2401B & 2402A on the 24th floor of Lippo Centre for a term of 18 months commencing from 1 July 2019 and ending on 31 December 2020 with an option to renew for a further term of 18 months. The rental of premises to the then substantial shareholder was effective on 1 July 2019, thus, which will be connected transaction in the next reporting period until August 2019.

FINAL DIVIDEND

The Board has resolved not to recommend a final dividend for the year ended 30 June 2019 (2018: Nil).

RESULTS

The Company recorded a loss of approximately HK$77,751,000 for the year ended 30 June 2019 as compared to a profit of approximately HK$10,638,000 for the year ended 30 June 2018. The loss in the results of the Group was mainly due to the write-down of properties under development of approximately HK$65,576,000.

BUSINESS REVIEW

The Group's principal business is resort and property development, property investment and investment holding during the year ended 30 June 2019.

Resort and Property Development

After the acquisition of Wuxi Shengye Harbour Co. Ltd.*（無錫盛業海港股份有限公司）in June 2017, the pre-sale of the properties under development commenced in October 2017 and the completion of the construction of the first and second phase of the residential portion is expected to take place in the third quarter of 2019 and second quarter of 2020 respectively, and the completion of the construction of the whole project is expected to take place in the fourth quarter of 2021. As of 30 June 2019, the total contract sum of the pre-sales of properties under development was approximately HK$441,180,000. The first batch of the properties is expected to be delivered by 2019. The Board believes that the sales of the properties under development is expected to contribute revenue to the Group.

Property Investment

The Company commenced sub-division of the investment property of the whole 24th floor, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong (the "Sub-division Properties") in October 2018 and the sub-division was completed in February 2019. After the completion of the sub-division, the Board believes that the Sub-division Properties are expected to contribute satisfactory returns to the Group.

On 4 March 2019, a wholly-owned subsidiary of the Company, Superform Investments Limited entered into the provisional sale and purchase agreement with a third party and an agent to dispose of four units of the Sub-division Properties for a consideration of HK$108,300,000. The disposal has completed and the Group recognised a net gain on disposal of HK$8,316,000.

The fair value of the Group's investment properties (including the assets classified as held for sale) as at 30 June 2019 was HK$489,732,000 (2018: HK$530,000,000). The increase in fair value of investment properties for the year ended 30 June 2019 was HK$44,535,000 (2018: HK$27,000,000).

The Group's investment properties contributed rental income of HK$457,000 in total for the year ended 30 June 2019 (2018: HK$2,772,000). The decrease of total rental income for the year ended 30 June 2019 mainly resulted from disposal of the investment property located in China Merchants Tower in the year ended 30 June 2018 and that the Sub-division Properties were under sub-division construction work during the period from October 2018 to February 2019.

Investment Holding

For the year ended 30 June 2019, the Group recorded interest and divided income of HK$16,554,000 (2018: HK$971,000) on investment in financial assets.

On 28 June 2018, the Group entered into a cornerstone investment agreement to subscribe for the shares of Redsun Properties Group Limited ("Redsun") at offer price of HK$2.28 per share for an aggregate consideration of HK$300,000,000. The shares of Redsun (stock code: 1996) have been listed on the Main Board of the Stock Exchange since 12 July 2018. 131,578,000 ordinary shares, representing approximately 4% of equity interest in Redsun, were allotted to the Group. Such investment has been recognised as financial assets at fair value through profit or loss. At 30 June 2019, the carrying amount of investment in Redsun was approximately HK$351,313,000.

On 26 July 2019, the Group disposed of 18,500,000 ordinary shares of Redsun at a price of HK$2.55 per share with aggregate consideration of HK$47,175,000 and completed in July 2019. A net loss of disposal of financial assets at FVPL amounted to HK$2,220,000 would be recognised in the year ending 30 June 2020.

On 15 August 2019, the Group entered into a sales and purchase agreement with a third party, to dispose of 37,000,000 ordinary shares of Redsun at prices ranged from HK$2.30 to HK$2.75 per share. The disposal is expected to be completed in October 2019. Details of the disposal were set out in the Company's announcement dated 15 August 2019.

During the year ended 30 June 2019, the Group settled a shareholder loan of HK$200,000,000 with Wealth Guide Global Limited by receiving 140,000,000 ordinary shares of Zall Smart Commerce Group Limited ("Zall") with fair value of HK$214,200,000 as at the completion date. The shares of Zall (stock code: 2098) are listed on the Main Board of the Stock Exchange. At 30 June 2019, the carrying amount of investment in Zall was approximately HK$147,000,000.

As at 30 June 2019, the Group invested in Green Asia Restructure SP and Green Asia Restructure SP II with carrying amount of approximately HK$138,898,000 and HK$61,099,000 respectively.

On 14 June 2018, Applied Investment (Asia) Limited ("Applied Investment"), a wholly-owned subsidiary of the Company, entered into a subscription agreement, pursuant to which Applied Investment has conditionally agreed to make an investment of up to HK$600,000,000 (with minimum commitment of HK$200,000,000) to Ruihua International M&A Fund LP (the "Ruihua Fund"), a Cayman Islands exempted limited partnership acting by Cayman Ruihua Investment Management Limited ("Cayman Ruihua"). Cayman Ruihua is a wholly-owned subsidiary of Hong Kong Ruihua Investment Management Limited, the then substantial shareholder of the Company. The investment strategy of the Ruihua Fund was to focus on investments equities of private and public companies in certain industries inside or outside of the PRC including, but not limited to, telecommunications media and technology, macro-health, high-end equipment manufacturing, energy-saving environmental protection and new materials.

The Group and Cayman Ruihua had entered into an agreement to terminate the subscription of Ruihua Fund with no penalty.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

As at 30 June 2019, the Group had current assets of HK$1,904,818,000 (2018: HK$1,455,612,000) and current liabilities of HK$903,498,000 (2018: HK$642,605,000), representing a current ratio of 2.1 times (2018: 2.3 times). The Group's total equity and the total bank and other borrowings as at 30 June 2019 amounted to HK$1,343,208,000 (2018: HK$1,427,897,000) and HK$390,795,000 (2018: HK$414,491,000) respectively. All the bank and other borrowings of the Group are repayable within one year. The gearing ratio of the Group as at 30 June 2019, calculated as a ratio of the total bank and other borrowings to total equity, was approximately 29.1% (2018: 29.0%).

PROSPECTS

In next financial year, the market keeps on changing and more uncertainties may arise. The Company is expected to face more complicated domestic and international environments with more competition pressure. The Chairman of the Board is expected to take a leading role in guiding all staff walk towards our future with histories and visions. In order to enhance the governance of the Company from all aspects, the Company is expected to actively manage the existing investments for realising value preservation and appreciation, and continue to reinforce our existing businesses such as property and financial investment with an aim to achieve a turnaround from the loss. In order to enhance its business competitive capacities, the Company is expected to actively make improvements in the following aspects:

I. Optimize the structures of governance of the Company, and promote requirements on internal control and compliance for operating the Company in a more stable and standard manner, which is the foundation for increasing investors' confidence in the Company's future development.

II. Explore new opportunities for increasing the values of our existing assets. The Wuxi Shengye Project*（無錫盛業項目）of the Group, after more than 2 years of development and construction, is now presenting good sales performance in the market. Its apartments and commercial portions are expected to reward the Company with better investment returns and business reputation in the next financial year, owing to the efforts from our sales, business promotion and operating teams.

III. Rationally plan the future development strategies of the Company, and make all these be implemented gradually in the new financial year. By focusing on the two major business sectors (property and investment), the Company is expected to explore good projects and investment opportunities so as to improve its profitability.

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

During the year ended 30 June 2019, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company complied with all the applicable code provisions (the "Code Provisions") of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 30 June 2019, save for Code Provision A.4.2. Details of the deviation with reasons 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 deviate 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 the 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. Wu Zhanming will voluntarily submit himself for re-election by the shareholders at the annual general meeting of the Company at least once every three years. Accordingly in practice, all Directors (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.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 30 June 2019 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 Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transaction by Directors. 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 year ended 30 June 2019.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the Company's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 30 June 2019 as set out in the preliminary announcement have been agreed by the Company's auditor, Mazars CPA Limited ("Mazars"), to the amounts set out in the Company's draft consolidated financial statements for the year ended 30 June 2019.

The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars on the preliminary announcement.

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
Wu Zhanming
Chairman and Executive Director

Hong Kong, 30 September 2019

As at the date of this announcement, the Executive Directors are Mr. Wu Zhanming (Chairman) and Mr. Yuen Chi Ping (Chief Executive Officer); the Non-executive Directors are Mr. Wu Tao and Mr. Yao Wei Rong and the Independent Non-executive Directors are Mr. Lau Chi Keung, Mr. Yu Tat Chi, Michael and Mr. Chiu Kit Man, Calvin.

* *For identification purposes only*

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