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NOVAUTEK TECHNOLOGIES GROUP LIMITED

諾科達科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 519)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2024; AND CHANGE IN THE INTENDED USE OF NET PROCEEDS

The board (the “Board”) of directors (the “Director(s)”) of Novautek Technologies Group Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”, “we” or “our”) for the six months ended 31 December 2024 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2024

		Six months ended 31 December	
		2024	2023
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	2	14,460	22,329
Cost of sales		<u>(6,828)</u>	<u>(14,292)</u>
Gross profit		7,632	8,037
Other revenue	2	53	71
Other income		811	655
Net gain (loss) on disposal of financial assets at fair value through profit or loss (“FVPL”)		12,278	(95)
Net decrease in fair value of financial assets at FVPL		(24,357)	(19,551)
Net decrease in fair value of investment properties		(43,982)	(3,586)
Impairment loss on property, plant and equipment	9	(6,528)	–
Selling expenses		(2,761)	(1,684)
Administrative expenses		(12,498)	(14,820)
Research and development expenses		(837)	–
Finance costs	4	<u>(4,383)</u>	<u>(5,145)</u>

		Six months ended	
		31 December	
		2024	2023
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Loss before taxation	5	(74,572)	(36,118)
Taxation	6	<u>693</u>	<u>554</u>
Loss for the period		(73,879)	(35,564)
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss</i>			
– Exchange differences arising on translation of foreign operations		<u>(3,056)</u>	<u>(3,797)</u>
Total other comprehensive loss for the period		(3,056)	(3,797)
Total comprehensive loss for the period		<u>(76,935)</u>	<u>(39,361)</u>
Loss attributable to:			
Owners of the Company		(71,226)	(33,353)
Non-controlling interests		<u>(2,653)</u>	<u>(2,211)</u>
		<u>(73,879)</u>	<u>(35,564)</u>
Total comprehensive loss attributable to:			
Owners of the Company		(74,282)	(37,150)
Non-controlling interests		<u>(2,653)</u>	<u>(2,211)</u>
		<u>(76,935)</u>	<u>(39,361)</u>
Loss per share			
Basic	7	<u>(2.33) HK cents</u>	<u>(1.24) HK cents</u>
Diluted		<u>(2.33) HK cents</u>	<u>(1.24) HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

		31 December 2024	30 June 2024
	Note	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current assets			
Investment properties	8	398,264	407,624
Property, plant and equipment	9	59,313	66,332
Financial assets designated at fair value through other comprehensive income ("Designated FVOCI")		96	96
		<u>457,673</u>	<u>474,052</u>
Current assets			
Inventories		1,342	568
Properties held for sales	10	539,615	578,836
Financial assets at FVPL	11	86,517	124,844
Other receivables	12	27,105	25,427
Restricted bank deposits		22,146	22,275
Cash and cash equivalents		36,251	47,671
		<u>712,976</u>	<u>799,621</u>
Current liabilities			
Accounts and other payables	13	195,831	200,736
Interest-bearing borrowings		179,717	199,987
Tax payables		2,309	2,324
		<u>377,857</u>	<u>403,047</u>
Net current assets		<u>335,119</u>	<u>396,574</u>
Total assets less current liabilities		<u>792,792</u>	<u>870,626</u>

		31 December	30 June
		2024	2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current liabilities			
Deferred tax liabilities		<u>97,195</u>	<u>98,094</u>
		<u>97,195</u>	<u>98,094</u>
Net assets		<u>695,597</u>	<u>772,532</u>
Capital and reserves			
Share capital	14	30,551	30,551
Reserves		<u>666,843</u>	<u>741,125</u>
Equity attributable to owners of the Company		697,394	771,676
Non-controlling interests		<u>(1,797)</u>	<u>856</u>
Total equity		<u>695,597</u>	<u>772,532</u>

NOTES

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements of Novautek Technologies Group Limited (formerly known as Applied Development Holdings Limited) (the “Company”) and its subsidiaries (the “Group”) for the six months ended 31 December 2024 (the “Interim Financial Statements”) are unaudited, but have been reviewed by the audit committee of the Company. These unaudited Interim Financial Statements have been prepared in accordance with the applicable disclosure requirements of Appendix D2 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Accounting Standard (“HKAS”) No. 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants.

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

The Interim Financial Statements should be read in conjunction with the Company’s consolidated financial statements for the year ended 30 June 2024 (“2024 Annual Financial Statements”). The accounting policies adopted in the Interim Financial Statements are consistent with those applied in the preparation of 2024 Annual Financial Statements, except for the adoption of the new/revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are relevant to the Group’s operation and are effective for the Group’s financial year beginning on 1 July 2024 as described below.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

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

2. REVENUE

	Six months ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
<i>Revenue from contracts with customers within HKFRS 15:</i>		
Sale of properties in the People's Republic of China (the "PRC"), at a point in time and fixed price	7,693	18,491
Management fee income from investment properties, over time and fixed price	141	–
	<u>7,834</u>	<u>18,491</u>
<i>Revenue from other sources:</i>		
Gross rental income from investment properties	5,509	3,501
Gross rental income from property, plant and equipment	363	–
Interest income from financial assets at FVPL	–	225
Dividend income from financial assets at FVPL	754	112
	<u>6,626</u>	<u>3,838</u>
	<u>14,460</u>	<u>22,329</u>
Other revenue		
Bank interest income	53	71
	<u>53</u>	<u>71</u>
Total revenue	<u><u>14,513</u></u>	<u><u>22,400</u></u>

3. 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 property development, property investment, investment holding and autonomous driving are the Group's major operating segments.

The property development segment includes properties held for sales during the period. The property investment segment includes mainly commercial properties that are held for capital appreciation or earning rental income. The investment holding segment includes holding of investment funds, equity securities, debt instruments and other assets. The autonomous driving segment includes sale, lease out and development of autonomous driving robots and products which provide cleaning, patrol, distribution and transportation services, etc. No operating segments have been aggregated.

Segment revenue and results for the six months ended 31 December 2024 are presented below:

	Property development <i>HK\$'000</i> (Unaudited)	Property investment <i>HK\$'000</i> (Unaudited)	Investment holding <i>HK\$'000</i> (Unaudited)	Autonomous driving <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue	7,693	5,650	754	363	14,460
Other revenue and income	<u>161</u>	<u>529</u>	<u>28</u>	<u>–</u>	<u>718</u>
	<u>7,854</u>	<u>6,179</u>	<u>782</u>	<u>363</u>	<u>15,178</u>
Results					
Segment results	<u>1,536</u>	<u>(44,438)</u>	<u>(12,217)</u>	<u>(5,731)</u>	(60,850)
Unallocated corporate income					146
Unallocated corporate expenses					(9,485)
Finance costs					<u>(4,383)</u>
Loss before taxation					(74,572)
Taxation					<u>693</u>
Loss for the period					<u>(73,879)</u>

Segment assets and liabilities as at 31 December 2024 are presented below:

	Property development	Property investment	Investment holding	Autonomous driving	Segment total	Unallocated	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Assets	<u>536,624</u>	<u>404,726</u>	<u>137,981</u>	<u>4,085</u>	<u>1,083,416</u>	<u>87,233</u>	<u>1,170,649</u>
Liabilities	<u>(264,199)</u>	<u>(181,715)</u>	<u>(692)</u>	<u>(381)</u>	<u>(446,987)</u>	<u>(28,065)</u>	<u>(475,052)</u>

Other segment information for the six months ended 31 December 2024 are presented below:

	Property development	Property investment	Investment holding	Autonomous driving	Segment total	Unallocated	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other segment information:							
Net gain on disposal of financial assets at FVPL	-	-	12,278	-	12,278	-	12,278
Net decrease in fair value of financial assets at FVPL	-	-	(24,357)	-	(24,357)	-	(24,357)
Net decrease in fair value of investment properties	-	(43,982)	-	-	(43,982)	-	(43,982)
Impairment loss on property, plant and equipment	-	-	-	-	-	(6,528)	(6,528)
Addition of property, plant and equipment	-	-	-	69	69	296	365
Depreciation of property, plant and equipment	<u>(8)</u>	<u>(6)</u>	<u>(7)</u>	<u>(53)</u>	<u>(74)</u>	<u>(1,164)</u>	<u>(1,238)</u>

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

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

Segment assets and liabilities as at 30 June 2024 are presented below:

	Property development <i>HK\$'000</i> (Audited)	Property investment <i>HK\$'000</i> (Audited)	Investment holding <i>HK\$'000</i> (Audited)	Autonomous driving <i>HK\$'000</i> (Audited)	Segment total <i>HK\$'000</i> (Audited)	Unallocated <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Assets	<u>607,973</u>	<u>411,035</u>	<u>165,464</u>	<u>3,079</u>	<u>1,187,551</u>	<u>86,122</u>	<u>1,273,673</u>
Liabilities	<u>(292,818)</u>	<u>(194,295)</u>	<u>(873)</u>	<u>(700)</u>	<u>(488,686)</u>	<u>(12,455)</u>	<u>(501,141)</u>

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

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

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

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

Geographical information

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

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

	Revenue by geographical market	
	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	4,292	2,627
The PRC	10,168	19,590
Others	—	112
	<u>14,460</u>	<u>22,329</u>

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

	Carrying amounts	
	of non-current assets	
	31 December	30 June
	2024	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong	283,200	332,688
The PRC	174,377	141,268
	<u>457,577</u>	<u>473,956</u>

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

4. FINANCE COSTS

	Six months ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest expenses on bank and other borrowings	<u>4,383</u>	<u>5,145</u>

5. LOSS BEFORE TAXATION

	Six months ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss before taxation is stated after charging (crediting):		
Staff costs, including Directors' emoluments		
Salaries and other benefits	8,195	6,166
Retirement benefit scheme contribution	<u>291</u>	<u>242</u>
Total staff costs	<u>8,486</u>	<u>6,408</u>
Other items		
Cost of inventories	4,190	14,292
Depreciation of property, plant and equipment	1,238	1,191
Direct operating expenses relating to investment properties that did not generate rental income	211	424
Exchange gain	<u>(14)</u>	<u>(7)</u>

6. TAXATION

	Six months ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax		
PRC Land Appreciation Tax	<u>129</u>	<u>366</u>
	129	366
Deferred tax		
Reversal of temporary differences	<u>(822)</u>	<u>(920)</u>
	(822)	(920)
Total income tax credit	<u>(693)</u>	<u>(554)</u>

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes for the six months ended 31 December 2024 and 2023.

The PRC Enterprise Income Tax (“EIT”) in respect of operations in the PRC is calculated at a rate of 25% (*six months ended 31 December 2023: 25%*) on the estimated assessable profits for the period based on existing legislation, interpretations and practices in respect thereof. EIT has not been provided for the period ended 31 December 2024 as the Group’s estimated assessable profits for the period are wholly absorbed by unrelieved tax losses brought forward from previous years.

The PRC Land Appreciation Tax (“LAT”) is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs, business tax and all property development expenditures. LAT is recognised as an income tax expense. LAT paid is deductible expenses for EIT purposes.

7. LOSS PER SHARE

The calculation of the basic loss per share for the six months ended 31 December 2024 is based on the loss attributable to equity holders of the Company of approximately HK\$71,226,000 (*six months ended 31 December 2023: HK\$33,353,000*) and on the weighted average of 3,055,105,739 (*six months ended 31 December 2023: 2,693,420,956*) ordinary shares of the Company in issue during the period.

The diluted loss per share is the same as the basic loss per share for the six months ended 31 December 2024 and 2023. The Company did not have any dilutive potential ordinary shares during the six months ended 31 December 2024 and 2023.

8. INVESTMENT PROPERTIES

	31 December 2024 <i>HK\$'000</i> (Unaudited)	30 June 2024 <i>HK\$'000</i> (Audited)
Fair value		
At the beginning of the reporting period	407,624	280,900
Transfer from properties held for sales	35,632	100,741
(Decrease) Increase in fair value	(43,982)	26,243
Exchange difference	(1,010)	(260)
	<u>398,264</u>	<u>407,624</u>
At the end of the reporting period	<u>398,264</u>	<u>407,624</u>

During the period ended 31 December 2024, properties held for sales with carrying value of RMB33,404,000 (equivalent to approximately HK\$35,632,000) were transferred to investment properties upon commencement of operating leases entered with third parties.

As at 31 December 2024, the Group's investment properties with a carrying value of HK\$224,200,000 (30 June 2024: HK\$266,400,000) were pledged to secure bank borrowings and bank facilities granted to the Group.

As at 31 December 2024, certain investment properties transferred from properties held for sales with carrying amount of RMB17,450,000 (equivalents to approximately HK\$18,614,000) (30 June 2024: RMB11,209,000 (equivalent to approximately HK\$12,035,000)) were frozen by the court in Wuxi, the PRC in relation to a claim against the Group.

9. PROPERTY, PLANT AND EQUIPMENT

The Directors have reviewed the carrying value of land and building and determined that the recoverable amount from the use or sale of certain of these assets had significantly declined below their carrying amount. Accordingly, the carrying value of these assets has been reduced by HK\$6,528,000 (30 June 2024: HK\$nil) to reflect this impairment loss. The recoverable amount of these assets amounted to HK\$57,300,000 (30 June 2024: HK\$67,600,000) is determined by reference to the market price of an active market.

As at 31 December 2024, the Group's land and buildings with carrying value of HK\$57,300,000 (30 June 2024: HK\$64,762,000) were pledged to secure bank borrowings and bank facilities granted to the Group.

10. PROPERTIES HELD FOR SALES

	31 December 2024 <i>HK\$'000</i> (Unaudited)	30 June 2024 <i>HK\$'000</i> (Audited)
Properties held for sales ("PHS")	539,615	578,836

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

During the period, PHS with carrying value of approximately RMB33,404,000 (equivalent to approximately HK\$35,632,000) were transferred to investment properties upon the commencement of operating leases entered with third parties.

As at 31 December 2024, certain PHS with carrying amounts of approximately RMB21,733,000 (equivalent to approximately HK\$23,183,000) (*30 June 2024: RMB23,352,000 (equivalent to approximately HK\$25,073,000)*) were frozen by the court in Wuxi, the PRC in relation to a claim against the Group.

As at 31 December 2024, certain PHS with carrying amounts of approximately RMB51,040,000 (equivalent to approximately HK\$54,444,000) (*30 June 2024: RMB51,040,000 (equivalent to approximately HK\$54,802,000)*) were frozen by the court in Wuxi, the PRC in relation to a litigation against the Group, as further detailed in note 16 to this interim results announcement.

11. FINANCIAL ASSETS AT FVPL

		31 December 2024 <i>HK\$'000</i> (Unaudited)	30 June 2024 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
Unlisted investment funds	(a)	49,444	71,724
Listed equity securities	(b)		
– Hong Kong		34,069	49,528
– the PRC		1,082	1,970
– Overseas		518	536
Listed debt instruments	(c)		
– Hong Kong		920	667
– Overseas		484	419
		86,517	124,844

Notes:

(a) The unlisted investment funds mainly comprise:

- (i) As at 31 December 2024, the unlisted investment funds represented 100% Class A participating, redeemable, non-voting shares of Green Asia Restructure SP and 100% Class A participating, redeemable, non-voting shares of Green Asia Restructure SP II (collectively the “Green Asia Funds”) with carrying amount of approximately HK\$3,160,000 (*30 June 2024: approximately HK\$3,835,000*) and HK\$2,922,000 (*30 June 2024: approximately HK\$3,250,000*). The Green Asia Funds are segregated portfolios held by a third party of the Group, Green Asia Restructure Fund SPC, an exempted company incorporated in the Cayman Islands with limited liability (“Green Asia”), which is managed by a third party of the Group, Long Asia Asset Management Limited, a company incorporated in the Cayman Islands with limited liability.

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

On 18 January 2022, the Group issued redemption notices to Green Asia to redeem 4,200 Class A shares of the Green Asia Funds with aggregate redemption proceeds of HK\$30,497,000. In view of the failure in settlement of the redemption proceeds by Green Asia, the Group had filed petitions to the Grand Court of the Cayman Islands (the “Grand Court”) against Green Asia. Consequently, Mr. Lai Kar Yan and Mr. Chan Man Hoi of Deloitte Touche Tohmatsu and Mr. Michael Green of Deloitte & Touche LLP were appointed jointly and severally as receivers of the Green Asia Funds by the order from the Grand Court on 6 July 2022. HK\$21,918,000 (*30 June 2024: HK\$21,918,000*) of the redemption proceeds have been included and recognised as “other receivables” as at 31 December 2024.

As at 31 December 2024, the fair value of the Group’s investment in the Green Asia Funds amounted to approximately HK\$6,082,000 (*30 June 2024: HK\$7,085,000*), which was determined by the management with reference to the valuation report on Green Asia Funds issued by an independent professional valuer, APAC Appraisal and Consulting Limited, based on the net assets value of the Green Asia Funds as at 31 December 2024.

- (ii) As at 31 December 2024, included in the unlisted investment funds were 5,000,000 participating and non-voting shares of Jinshan Portfolio (the “Jinshan Portfolios”) at a total subscription amount of US\$5,000,000, which represented approximately 16.67% (*30 June 2024: 16.67%*) of Jinshan Portfolios under Huangpu River Capital SPC (the “Huangpu River Fund”).

The Huangpu River Fund is an exempted company incorporated with limited liability and registered as segregated portfolio company in the Cayman Islands. The investment objective of the Huangpu River Fund is capital appreciation by investing the series C preferred stock of Horizon Robotics, which is principally engaged in the provision of advanced driver assistance systems and autonomous driving solutions for passenger vehicles, empowered by proprietary software and hardware technologies.

As at 31 December 2024, the fair value of the Group's investment in the Huangpu River Fund amounted to approximately HK\$34,016,000 (*30 June 2024: approximately HK\$47,065,000*), which was based on the average-strike put option model under market approach (*30 June 2024: backsolve method under market approach*) evaluated by an independent professional valuer, AVISTA Valuation Advisory Limited ("AVISTA").

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

As at 31 December 2024, financial assets at FVPL with carrying amounts of approximately HK\$13,750,000 (*30 June 2024: approximately HK\$20,921,000*) are pledged as collateral to the margin loan facilities granted to the Group, together with a corporate guarantee provided by the Company. No margin loan facilities were utilised and outstanding as at 31 December 2024 and 30 June 2024.

- (c) As at 31 December 2024, the Group held debt instruments listed in Hong Kong and overseas amounting to approximately HK\$920,000 (*30 June 2024: approximately HK\$667,000*) and HK\$484,000 (*30 June 2024: approximately HK\$419,000*), which bore fixed interest at 7.25% (*30 June 2024: 7.25%*) and 7.25% (*30 June 2024: 7.25%*) per annum respectively. The fair value of these debt instruments as at 31 December 2024 and 30 June 2024 was determined on the basis of quoted market price.

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

12. OTHER RECEIVABLES

		31 December 2024 <i>HK\$'000</i> (Unaudited)	30 June 2024 <i>HK\$'000</i> (Audited)
	Note		
Loans and interest receivables	(a)	19,394	19,394
Loss allowances		<u>(19,394)</u>	<u>(19,394)</u>
		<u>—</u>	<u>—</u>
Rental receivables		906	468
Other receivables	(c)	30,999	28,238
Loss allowances	(b)	<u>(4,800)</u>	<u>(4,832)</u>
		<u>27,105</u>	<u>23,874</u>
Deposits, prepayments and other debtors		<u>—</u>	<u>1,553</u>
		<u>27,105</u>	<u>25,427</u>

Notes:

- (a) As at 31 December 2024, the loans with principal amount of HK\$19,394,000 (30 June 2024: HK\$19,394,000) granted to a third-party borrower, in which the spouse of Mr. Yuen Chi Ping, a former director, has equity interest and had been a director until she resigned on 14 December 2019, were unsecured and interest-bearing at 4% (30 June 2024: 4%) per annum. Pursuant to the extension arrangement dated 8 September 2021, the Group had agreed to extend the repayment date in the following manner: (i) HK\$3,000,000 on or before 31 January 2022, which had been repaid during the year ended 30 June 2022; and (ii) the remaining balance on or before 30 September 2022.

The principal amount and interest receivables of HK\$8,450,000 had been settled during the year ended 30 June 2023 and the remaining balance of HK\$19,394,000 was overdue. In view of the default in settlement of the remaining balance, the Group had filed petitions to the High Court of the Hong Kong Special Administrative Region in February 2023 for compulsory winding up of the borrower. On 20 September 2023, the court order to wind up the borrower was granted. On 24 January 2024, liquidators were appointed to handle the liquidation procedure.

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

	31 December	30 June
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Loss allowances for other receivables:		
At the beginning of the period/year	4,832	4,917
Exchange realignment	<u>(32)</u>	<u>(85)</u>
At the end of the period/year	<u>4,800</u>	<u>4,832</u>

- (c) Included in the other receivables are the redemption proceeds of HK\$21,918,000 (*30 June 2024: HK\$21,918,000*) as detailed in note 11(a) to this interim results announcement. The amounts of redemption proceeds were unsecured, interest-free and repayable on demand.

13. ACCOUNTS AND OTHER PAYABLES

		31 December	30 June
		2024	2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Accounts payable			
To third parties	(a)	<u>114,798</u>	<u>115,325</u>
Other payables			
Accrued charges and other creditors		17,700	23,769
Deposits received		5,150	133
Contract liabilities	(b)	15,705	18,753
Provision for a legal claim		<u>42,478</u>	<u>42,756</u>
		<u>81,033</u>	<u>85,411</u>
		<u>195,831</u>	<u>200,736</u>

Notes:

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

	31 December	30 June
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0-180 days	2,491	2,393
181-365 days	130	10,410
Over 365 days	<u>112,177</u>	<u>102,522</u>
	<u>114,798</u>	<u>115,325</u>

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

14. SHARE CAPITAL

	31 December 2024 (Unaudited)		30 June 2024 (Audited)	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
At 31 December 2024/30 June 2024, ordinary shares of HK\$0.01 each	6,000,000,000	60,000	6,000,000,000	60,000
Issued:				
At 30 June 2024/30 June 2023, ordinary shares of HK\$0.01 each	3,055,105,739	30,551	2,505,105,739	25,051
Issue of shares on 30 October 2023	–	–	550,000,000	5,500
At 31 December 2024/31 December 2023, ordinary shares of HK\$0.01 each	3,055,105,739	30,551	3,055,105,739	30,551

15. INTERIM DIVIDEND

The Directors do not recommend payment of an interim dividend for the six months ended 31 December 2024 (*six months ended 31 December 2023: Nil*).

16. CONTINGENT LIABILITIES

A wholly-owned subsidiary of the Company, Wuxi Shengye Haigang Joint Stock Company Limited* (無錫盛業海港股份有限公司) (“Wuxi Shengye”), received a writ of summon issued by the People’s Court of Huishan District Wuxi* (無錫市惠山區人民法院) (the “Court”) regarding a civil litigation (the “Litigation”) filed by Mr. Su Keru (the “Plaintiff”) against Wuxi Shengye as the defendant in February 2024.

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

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

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

As at the date of approval of this interim results announcement, the Litigation has been temporarily dismissed from the Court.

17. EVENTS AFTER THE REPORTING PERIOD

As at 31 December 2024, the fair value of the Group’s investment in the Huangpu River Fund under financial assets at FVPL amounted to approximately HK\$34,016,000, which mainly refer to the stock market price of HK\$3.6 per share of Horizon Robotics (stock code: 9660).

Subsequent to the reporting period, based on the closing price of the shares of Horizon Robotics of HK\$8.3 at the date of approval of this interim results announcement, the market value of the underlying Horizon Robotics’ shares amounted to approximately HK\$88,732,000. The underlying Horizon Robotics’ shares of the Huangpu River Fund are subject to a lock-up period of 6 months following its listing date, i.e. 23 April 2025.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2024 (2023: *nil*).

RESULTS

The Company recorded a loss of HK\$73,879,000 for the six months ended 31 December 2024 as compared to the loss of HK\$35,564,000 for the six months ended 31 December 2023. The loss for the six months ended 31 December 2024 was mainly attributable to, among others, the net decrease in fair value of investment properties of HK\$43,982,000 and the net decrease in fair value of financial assets at FVPL of HK\$24,357,000. The increase in loss was mainly due to, among others, net impact of (i) an increase in the fair value loss of the Group's investment properties from approximately HK\$3,586,000 for the six months ended 31 December 2023 to approximately HK\$43,982,000 for the six months ended 31 December 2024; (ii) an increase in the fair value loss of financial assets at FVPL from approximately HK\$19,551,000 for six months ended 31 December 2023 to approximately HK\$24,357,000 for six months ended 31 December 2024; (iii) an impairment loss on property, plant and equipment of approximately HK\$6,528,000 was recorded for the six months ended 31 December 2024, and no such item was recorded for the six months ended 31 December 2023; and (iv) a gain on disposal of financial assets at FVPL of approximately HK\$12,278,000 for six months ended 31 December 2024, and immaterial amount was recorded for the six months ended 31 December 2023. The Board wishes to emphasize that the above-mentioned factors (i) to (iii) are non-cash in nature.

BUSINESS REVIEW

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

Property development

After the acquisition of Wuxi Shengye in June 2017, the pre-sale of the properties under development commenced in October 2017 and the construction of the whole project (the “Wuxi Property Project”) has completed gradually as at 30 June 2023. Most of the apartment portion of the first and second phase have been delivered to customers as at 30 June 2021. During the six months ended 31 December 2024, some apartments were delivered to customers and recognised a revenue of HK\$7,693,000 with overall gross profit margin of 41% after reversing the revaluation consolidated adjustment. As at 31 December 2024, the sales amount of the contracts signed but properties not yet delivered were approximately HK\$15,284,000.

Property investment

The Group commenced sub-division of the property of the whole 24th Floor, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong (the “Sub-division Properties”) in October 2018 and the sub-division was completed in February 2019. The Sub-division Properties included three self-use units and fifteen leasing units as at 31 December 2024. The fair value of the Sub-division Properties classified as investment properties as at 31 December 2024 was HK\$224,200,000 (*30 June 2024: HK\$266,400,000*). During six months ended 31 December 2024, Hong Kong’s Grade A office market faces subdued demand amid high vacancy rates. The fair value of the Group’s investment properties decreased by HK\$43,982,000 for the six months ended 31 December 2024 (*2023: HK\$3,586,000*). It is emphasised that the fair value loss was non-cash in nature.

As at 31 December 2024, the car park (“Car Park”) and partial commercial units (“Commercials”) of the Wuxi Property Project were leased out, and the fair values of Car Park and Commercials as at 31 December 2024 were HK\$43,937,000 and HK\$130,127,000 respectively.

The Group’s investment properties contributed rental and management income of HK\$5,650,000 in total for the six months ended 31 December 2024 (*2023: HK\$3,501,000*). More rental and management income were generated mainly due to the new lease of Commercials during the six months ended 31 December 2024.

Investment holding

The Group's investment strategy for its investment holding business is mainly to diversify its investments in unlisted investment funds, listed equity securities and listed debt instruments. For the six months ended 31 December 2024, the Group recorded interest and dividend income from financial assets at FVPL of HK\$754,000 (2023: HK\$337,000), net gain on disposal of financial assets at FVPL of HK\$12,278,000 (2023: net loss of HK\$95,000) and a decrease in fair value of financial assets at FVPL of HK\$24,357,000 (2023: HK\$19,551,000). Details of the significant investments held by the Group for the six months ended 31 December 2024 are set out as follows:

1. Zall Smart Commerce Group Ltd. (“Zall Smart”)

As at 31 December 2024, the Group held 97,432,000 ordinary shares of Zall Smart, representing approximately 0.8% of the total issued share capital of Zall Smart. The shares of Zall Smart are listed on the Main Board of the Stock Exchange (stock code: 2098). Zall Smart and its subsidiaries are principally engaged in developing and operating large-scale consumer product-focused wholesale shopping malls, and providing supply chain management and trading business, e-commerce services, financial services, warehousing and logistics services for online and offline customers in the PRC. The acquisition cost of Zall Smart's shares held by the Group as at 31 December 2024 was HK\$1.28 per share. As at 31 December 2024, the fair value of the investment in Zall Smart was approximately HK\$30,204,000, which represented approximately 2.6% of the Group's total assets. For the six months ended 31 December 2024, the Group disposed of 5,215,000 shares of Zall Smart and recognised a loss on disposal of HK\$247,000, while the fair value of the Group's investment in Zall Smart decreased by HK\$12,666,000. Apart from that, the Group had not received and recognised any dividend or other investment income from its holding of Zall Smart's shares.

2. Jinshan Portfolios – Horizon Robotics

As at 31 December 2024, the Group held 5,000,000 participating and non-voting shares of Jinshan Portfolio (the “Jinshan Portfolios”) at a total subscription amount of US\$5,000,000, which represented approximately 16.67% (30 June 2024: 16.67%) of the Jinshan Portfolios under Huangpu River Capital SPC (the “Huangpu River Fund”).

The investment objective of the Huangpu River Fund is capital appreciation by investing the series C preferred stock of Horizon Robotics, which is principally engaged in the provision of advanced driver assistance systems and autonomous driving solutions for passenger vehicles, empowered by proprietary software and hardware technologies.

As at 31 December 2024, the fair value of the Group's investment in the Huangpu River Fund amounted to approximately HK\$34,016,000 (*30 June 2024: approximately HK\$47,065,000*), which mainly refer to the stock market price of the underlying listed shares and was based on the average-strike put option model (*30 June 2024: backsolve method*) under market approach evaluated by an independent professional valuer, AVISTA. The change in valuation methodology used was mainly due to the inclusion of underlying asset – Horizon Robotics, a company listed on the Main Board of the Stock Exchange (stock code: 9660) on 24 October 2024.

The remaining investments held by the Group mainly included unlisted investment funds, listed equity securities and listed debt instruments, each of which represented less than 5% of the Group's total assets as at 31 December 2024.

Autonomous driving

In the financial year ended 30 June 2024 (“FY2024”), seizing the market growth opportunities, the Group established an autonomous driving segment, focusing on the development of products and services related to autonomous driving technology in specific scenarios, such as patrol, transportation, logistics, sanitation and smart warehousing, etc. Rooted in Hong Kong, besides serving the local market, the Group also promotes the high technology products over the world.

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

Although this segment was newly set up in FY2024, it commenced its business in Hong Kong rapidly and brought in revenue to the Group. The revenue generated during the six months ended 31 December 2024 was HK\$363,000. The autonomous driving segment was supported by a flexible revenue model that offers multiple options, such as direct sales, rent-to-buy, and subscription plans to cater diverse customer needs. The autonomous robots of the Group have been successfully applied in multiple scenarios covering shopping centers, residential estates, public estates and government projects in Hong Kong. The Group provided efficient and worry-free intelligent operation solutions for local customers in a service model of “Intelligence + Low Carbon”. The autonomous robots were powered by advanced technologies, including real-time sensor fusion, high-definition mapping, AI-based decision-making systems, and precision control algorithms, ensuring a safe and efficient performance. Looking ahead, the Group is committed to on-going investment in research and development and application of various autonomous robots to maintain a competitive edge in the rapidly evolving autonomous driving market.

PROSPECTS

In the second half year of 2024, the global economy has significant pressures, with shifting geopolitical landscapes, adjustments in Federal Reserve policies and the rebalancing of energy supply chains presenting multiple challenges. Amid this complex international environment, the China’s economy supported by steady growth policies continues to show signs of recovery. Innovations in artificial intelligence technology and the cultivation of new productive forces are injecting fresh momentum into high-quality development. Artificial intelligence is developing rapidly, according to market research, the artificial intelligence market scale will reach US\$1 trillion by 2030.

As the carrier of the strategic upgrade, the Group’s Novautek Autonomous Driving Limited (“Novautek Autonomous Driving”) is promoting the integration of artificial intelligence technology and smart city services. Based on our understanding of a number of common scenarios in our past business, we are committed to building scenario-based artificial intelligence application solutions and enhancing performance through in-depth services, laying a solid foundation for new technology-driven businesses.

Looking ahead, we will focus on innovation, deepen the synergy of the industrial chain and enhance our global competitiveness through openness cooperation. With the resonance of technological development and market demand, the Company is confident that it will create a high-quality development market through the integration of resources and model breakthroughs.

FINANCIAL REVIEW

Revenue, cost of sales and gross profit margin

The revenue of the Group decreased by HK\$7,869,000, or 35%, from HK\$22,329,000 for the six months ended 31 December 2023 to HK\$14,460,000 for the six months ended 31 December 2024. Most of the revenue generated for the six months ended 31 December 2023 was derived from property development segment, and the properties of Wuxi Shengye were delivered to customers and bringing in revenue. The revenue for the six months ended 31 December 2024 became diversified. The increase in gross profit margin was because the revenue generated from property investment segment and other segments carried a higher gross profit margin.

Net gain (loss) on disposal of financial assets at FVPL

Net gain on disposal of financial assets at FVPL of the Group was HK\$12,278,000 for the six months ended 31 December 2024 (*2023: net loss of HK\$95,000*). The net gain was mainly generated from disposal of an unlisted investment fund. There was no material gain or loss from disposal of a single investment for the six months ended 31 December 2023.

Net decrease in fair value of financial assets at FVPL

Net decrease in fair value of financial assets at FVPL of the Group increased by HK\$4,806,000, or 25%, from HK\$19,551,000 for the six months ended 31 December 2023 to HK\$24,357,000 for the six months ended 31 December 2024. The fair value loss for the six months ended 31 December 2024 was mainly derived from decrease in the share price of Zall Smart's shares and decrease in the fair value of the Jinshan Portfolios held by the Group. During the six months ended 31 December 2024, the fair value of the Group's investment in Zall Smart decreased by HK\$12,666,000 (*2023: HK\$14,575,000*). During the six months ended 31 December 2024, the fair value of the Group's investment in the Jinshan Portfolios decreased by HK\$13,049,000 (*2023: HK\$4,199,000*).

As at 31 December 2024, the fair value of the investment in Zall Smart was mainly based on quoted market prices in the active market. The fair value of the investment in the Jinshan Portfolios was based on the average-strike put option model under market approach evaluated by an independent professional valuer, AVISTA.

Net decrease in fair value of investment properties

The net fair value loss of investment properties of the Group increased from HK\$3,586,000 for the six months ended 31 December 2023 to HK\$43,982,000 for the six months ended 31 December 2024. The fair value of investment properties of the Group was determined with reference to the valuation conducted by an independent professional valuer, AVISTA. The valuer has adopted the direct comparison method for the valuation by comparing recent market evidence of similar properties located in the neighborhood area. The fair value of investment properties was affected by the economy and properties market of Hong Kong and the PRC. The overall trading volume, selling price and rent of grade-A offices in Hong Kong were still decreasing affected by complication reasons, such as financial sector downsizing, hybrid work trends and decentralization.

Impairment loss on property, plant and equipment

An impairment loss on property, plant and equipment of the Group's land and buildings of approximately HK\$6,528,000 was recorded for the six months ended 31 December 2024. As disclosed in note 9 to the condensed consolidated financial statements of this interim results announcement, the recoverable amount of three self-use units was lower than the carrying value, therefore, an impairment loss was recorded.

Selling expenses

Selling expenses of the Group increased by HK\$1,077,000, or 64%, from HK\$1,684,000 for the six months ended 31 December 2023 to HK\$2,761,000 for the six months ended 31 December 2024. The selling expenses for the six months ended 31 December 2024 mainly comprised of salaries and marketing expenses. The increase in selling expenses was mainly derived from autonomous driving segment's sales and marketing activities.

Administrative expenses

Administrative expenses of the Group decreased by HK\$2,322,000, or 16%, from HK\$14,820,000 for the six months ended 31 December 2023 to HK\$12,498,000 for the six months ended 31 December 2024. The administrative expenses for the six months ended 31 December 2024 mainly comprised staff costs, legal and professional fees and depreciation. The decrease in administrative expenses was mainly due to less early stage development fee incurred during the six months ended 31 December 2024 after Novautek Autonomous Driving set up.

Finance cost

Finance cost of the Group decreased by HK\$762,000, or 15%, from HK\$5,145,000 for the six months ended 31 December 2023 to HK\$4,383,000 for the six months ended 31 December 2024. The decrease in finance costs was due to the decrease in effective interest rate and the loan balance.

Loss for the period

Loss for the period of the Group increased by HK\$38,315,000, or 108%, from HK\$35,564,000 for the six months ended 31 December 2023 to HK\$73,879,000 for the six months ended 31 December 2024. The loss for the six months ended 31 December 2024 was mainly due to the net decrease in fair value of investment properties of HK\$43,982,000 and the net decrease in fair value of financial assets at FVPL of HK\$24,357,000. The Board would like to emphasize that such decreases in fair value were non-cash in nature.

Liquidity, financial resources and capital structure

As at 31 December 2024, the Group had current assets of HK\$712,976,000 (*30 June 2024: HK\$799,621,000*) and current liabilities of HK\$377,857,000 (*30 June 2024: HK\$403,047,000*), representing a current ratio of approximately 1.9 times (*30 June 2024: approximately 2.0 times*). The Group's total equity and the total bank and other borrowings as at 31 December 2024 amounted to HK\$695,597,000 (*30 June 2024: HK\$772,532,000*) and HK\$179,717,000 (*30 June 2024: HK\$199,987,000*) respectively. As at 31 December 2024, all of the bank and other borrowings of the Group were repayable within one year (*30 June 2024: approximately HK\$48,235,000 were repayable within one year and approximately HK\$151,752,000 were repayable over one year but not exceeding two years*). The gearing ratio of the Group as at 31 December 2024, calculated as a ratio of the total bank and other borrowings to the total equity, was approximately 26% (*30 June 2024: approximately 26%*).

PRINCIPAL RISK AND UNCERTAINTIES

The Group is principally engaged in property development, property investment, investment holding and autonomous driving. The financial position, operations, business and prospects of the Group and its individual business segment are affected by the following significant risks and uncertainty factors:

Business Risk

The prospects of the Group's property business depend on the performance of the property market in Hong Kong and the PRC. Also, the fair values of the Group's investment properties and financial results of the property development segment directly link to the performance of the property market in Hong Kong and the PRC. Any real estate market downturn in Hong Kong and the PRC may materially and adversely affect the financial position, operations, businesses and prospects of the Group and may lead to fair value loss of the Group's investment properties and net loss from property development segment. The real estate markets in Hong Kong and the PRC are affected by many factors, including but not limited to, changes in the local's economic, political, social and legal environment and changes in the local's fiscal and monetary policy, all of which are beyond the control of the Group. The management policy to mitigate this risk is to diversify the Group's business in terms of asset composition, revenue and profitability.

Market Risk

The Group's property investment business is operating in a rather competitive environment as rental rates of properties are transparent in property leasing market in Hong Kong and the PRC. The transparency of the leasing market puts pressure on the revenue and profitability of the Group's property investment business. The management policy to mitigate this risk is to diversify its property investment portfolio (where possible) in terms of property type and location.

The real estate market in the PRC is highly competitive. The areas that are in competition include quality, design, brand, cost control and environment ancillary facilities. If the competitors of the Group keep on improving their products, the Group will improve its quality and strengthen cost control to catch the market and maintain the sales turnover.

Financial Risk

The Group is exposed to financial risks relating to foreign currency, equity price, credit and liquidity risk in its ordinary course of business. As stated below, the majority of the Group's assets and liabilities were denominated in Renminbi ("RMB"), Hong Kong dollars ("HK\$") and United States dollars ("US\$"), and hence the exposure to foreign exchange risk was insignificant to the Group. The Group is exposed to price risk principally arising from listed equity investments held under financial assets at FVPL. Credit risk refers to the risk that debtors will default on their obligations to repay the amounts due to the Group. The Group's credit risk is mainly attributable to loans receivables and cash equivalents. The management considers that credit risk in relation to the cash equivalents is insignificant as they were deposited in credit-worthy banks and securities brokers. The Group has monitored the credit risk from loans receivables on an on-going basis. Although a credit impairment on loans receivables of HK\$58,989,000 was noted during the financial year ended 30 June 2020, subsequently, partial repayments of HK\$10,000,000 and HK\$10,000,000 have been received during the financial year ended 30 June 2021 and 2022 respectively, and a further repayment of HK\$25,208,000 was received in July 2022. As at 31 December 2024, HK\$19,394,000 was overdue and liquidators were appointed to handle the liquidation procedure. The Group would continue to take follow-up actions to recover the debts. The Group would maintain a sufficient level of cash and cash equivalents to finance the Group's operations and expected expansion. Therefore, the liquidity risk is insignificant.

FOREIGN CURRENCY MANAGEMENT

The majority of the Group's assets and liabilities were denominated in RMB, HK\$ and US\$, and hence the exposure to foreign exchange risk was insignificant to the Group for the six months ended 31 December 2024. The Group does not engage in any foreign exchange speculation activities. It is the Group's policy to manage foreign exchange risk through matching foreign exchange income with expenses, and where exposure to foreign exchange is anticipated, an appropriate hedging instrument will be used.

TREASURY POLICIES

As at 31 December 2024, the Group's bank and other borrowings of approximately HK\$171,971,000 (30 June 2024: HK\$192,190,000) and HK\$7,746,000 (30 June 2024: HK\$7,797,000) were denominated in HK\$ and RMB respectively. The balances of bank and other borrowings of approximately HK\$171,971,000 (30 June 2024: HK\$192,190,000) and HK\$7,746,000 (30 June 2024: HK\$7,797,000) were at variable and fixed interest rates respectively. Cash and cash equivalents held by the Group were mainly denominated in HK\$, RMB and US\$. The Group currently does not have interest rate hedging policies as the management of the Group does not expect unforeseeable interest rate risk as at 31 December 2024. However, the management of the Group monitors the interest rate exposure from time to time and may consider hedging the significant interest rate exposure if needed.

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

Save as disclosed in the section headed "Business Review – Investment Holding" in this interim results announcement, the Group did not have any significant investments, nor material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 31 December 2024.

There has been no formal plan authorised by the Board for any significant investments, nor material acquisitions or disposals of subsidiaries, associates and joint ventures as at 31 December 2024 and up to the date of this interim results announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any future plans for material investments or capital assets during the six months ended 31 December 2024.

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group for the six months ended 31 December 2024 are set out in note 3 to the condensed consolidated financial statements of this interim results announcement.

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 31 December 2024 (*30 June 2024: nil*).

PLEDGE OF ASSETS

As at 31 December 2024, the Group had provided the following securities for banking facilities granted to the Group:

- (i) pledge of leasehold land and buildings under investment properties and property, plant and equipment of the Group with carrying amount of HK\$224,200,000 and HK\$57,300,000 respectively (*30 June 2024: HK\$266,400,000 and HK\$64,762,000 respectively*);
- (ii) assignment agreements in respect of rental income of the Group's certain investment properties duly executed by the Group in favour of the bank; and
- (iii) assignment agreements in respect of insurance compensation of the Group's certain investment properties and leasehold land and buildings duly executed by the Group in favour of the bank.

As at 31 December 2024, the fair value of the financial assets at FVPL of HK\$13,750,000 (*30 June 2024: HK\$20,921,000*) was pledged as collateral to margin loan facilities granted to the Group with a corporate guarantee provided by the Company. No margin loan facility was utilised as at 31 December 2024 (*30 June 2024: nil*).

As at 31 December 2024, certain properties held for sales with carrying amounts of approximately HK\$77,627,000 (*30 June 2024: HK\$79,875,000*) and certain investment properties with carrying amount of approximately HK\$18,614,000 (*30 June 2024: HK\$12,035,000*) were frozen by the court in relation to claims against the Group, as set out in notes 8 and 10 to the condensed consolidated financial statements of this interim results announcement.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 December 2024 are set out in note 16 to the condensed consolidated financial statements of this interim results announcement.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2024, the Group employed a total of 35 (*30 June 2024: 32*) employees and executive Directors. The Group's total staff costs including Directors' emoluments amounted to HK\$8,486,000 for the six months ended 31 December 2024 (*2023: HK\$6,408,000*). The remuneration packages for Directors and employees are normally reviewed annually and are structured with reference to market terms and individual competence, performance and experience. The Group also provides medical insurance coverage and operates a provident fund scheme or relevant fund scheme for its employees in Hong Kong and the PRC.

SUBSEQUENT EVENTS

Details of events after the reporting period as at 31 December 2024 are set out in note 17 to the condensed consolidated financial statements of this interim results announcement.

USE OF PROCEEDS FROM THE SUBSCRIPTION AND CHANGE IN THE INTENDED USE OF THE NET PROCEEDS

During FY2024, the Company successfully completed the allotment and issued 550,000,000 new shares of the Company (the "Share(s)") under the specific mandate to Ruixing Investments Limited (the "Subscriber") at a price of HK\$0.068 per Share (the "Subscription") on 30 October 2023 (the "Completion Date"), details of which are set out in the announcements of the Company dated 26 July 2023, 19 October 2023 and 30 October 2023, and the circular of the Company dated 28 September 2023 (the "Documents of Subscription"). The net proceeds of the Subscription (the "Net Proceeds") amounted to approximately HK\$36,558,000 were intended to be used as follows: (i) approximately HK\$26,558,000 would be used for the general working capital of the Group, which includes approximately HK\$10,000,000 for finance costs such as interest expenses on bank and other borrowings and approximately HK\$16,558,000 for administrative expenses such as staff costs, legal and professional fees and other expenses incurred in support of the operating activities, subject to actual business needs; and (ii) approximately HK\$10,000,000 would be used for the Group's potential investment opportunities in high-tech industries as identified by the Group from time to time. Depending on actual business needs, it was estimated that the Net Proceeds would be fully utilized in accordance with its intended purposes within the next two years from the Completion Date.

As of the date of this interim results announcement, the Board has resolved to change the intended use of the unutilised Net Proceeds. The following table sets forth a summary of the utilization of the Net Proceeds and the change in the intended use of the unutilised Net Proceeds as of 31 December 2024:

Purposes	Intended use of the Net Proceeds as disclosed in the Documents of Subscription	Net Proceeds (HK\$)		Unutilized amount as of 31 December 2024	Expected timeline for full utilization of the remaining Net Proceeds
		Amount available for utilization as at 30 June 2024	Actual amount utilized during the six months ended 31 December 2024		
For working capital of the Group					
– For finance costs	10,000,000	3,221,000	3,221,000	0	–
– For administrative expenses	16,558,000	8,345,000	8,345,000	0	–
For potential investment opportunities in high-tech industries as identified by the Group	10,000,000	10,000,000	0	N/A	–
For the expenses to develop autonomous driving technology by the Group	N/A	N/A	N/A	10,000,000	28 February 2026
Total	36,558,000	21,566,000	11,566,000	10,000,000	

Reasons for the change in the intended use of the Net Proceeds

As disclosed in the table above, part of the Net Proceeds previously intended to be used for the Group's potential investment opportunities in high-tech industries as identified by the Group would be allocated for funding the expenses to develop autonomous driving technology by the Group.

As disclosed in the Documents of Subscription, the Group had been actively approaching potential investment opportunities in high-tech industries, including entities engaged in the development of autonomous driving technology. However, the Group has not been able to identify any suitable investment targets up to the date of this interim results announcement.

Despite the lack of suitable investment targets identified, the Board still considered that the outlook of high-tech industries such as the application of artificial intelligence and robot technology is positive and with high potential. As disclosed in the annual report of the Company published on 29 October 2024, targeting market growth opportunities, the Group successfully established Novautek Autonomous Driving in 2023, dedicated to exploring and deploying in the field of artificial intelligence and autonomous driving technology innovation. Since the Group has been unable to identify any suitable investment targets, the Board was of the view that part of the Net Proceeds intended to be utilised for the relevant potential investment opportunities could be better utilised to support the development of autonomous driving technology by the Group in light of the expected positive outlook and high potential of the application of the technology. As the relevant part of the Net Proceeds has not been utilised due to the lack of any suitable investment targets identified since 2023, the Board has resolved to extend the period for the utilisation of the relevant part of the Net Proceeds to until 28 February 2026 accordingly. Therefore, the Board considered that the change in the intended use of the Net Proceeds will allow the Company to deploy its financial resources more effectively and will not have any material adverse impact on the operations of the Group and is in the best interests of the Company and its shareholders (the "Shareholders") as a whole.

CHANGE TO INFORMATION IN RESPECT OF DIRECTORS

There is no change in the Directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the six months ended 31 December 2024.

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

During the six months ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). The Company did not hold any treasury shares as at 31 December 2024.

Other than the matters mentioned above, there has been no material change from the information published in the annual report for the year ended 30 June 2024.

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance practices at all times. The Board believes that good corporate governance helps the Company to safeguard the interests of the Shareholders and to enhance the performance of the Group. The Company has adopted the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "CG Code") as its own code of corporate governance.

The Company complied with all the applicable code provisions (the "Code Provision(s)") of the CG Code throughout the six months ended 31 December 2024, save for Code Provision C.2.1 of the CG Code. Details of the deviation with reason are set out below:

Under Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the six months ended 31 December 2024, Mr. Wu Zhanming was the chairman of the Board and acting chief executive officer of the Company (the "CEO"). The Board believes that the holding of both positions of the Chairman and CEO by the same individual will not impair the balance of power and authority between the Board and the management of the Group because the balance of power and authority is governed by the operations of the Board which comprises experienced and high caliber individuals with demonstrated integrity. The Board will review the current structure from time to time and shall make necessary changes when appropriate and inform the Shareholders accordingly.

AUDIT COMMITTEE

The unaudited condensed consolidated financial statements of the Company for the six months ended 31 December 2024 and this interim results announcement have been reviewed by the audit committee of the Company (the “Audit Committee”) and have been duly approved by the Board under the recommendation of the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries with the Directors, all Directors have confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 31 December 2024.

PUBLICATION OF INFORMATION ON WEBSITES

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

By order of the Board
Novautek Technologies Group Limited
Wu Zhanming
Chairman, Acting CEO and Executive Director

Hong Kong, 28 February 2025

As at the date of this announcement, the executive Directors are Mr. Wu Zhanming (Chairman and Acting CEO) and Mr. Wu Tao; the non-executive Director is Dr. Chan Kin Keung Eugene SBS, BBS, JP; and the independent non-executive Directors are Mr. Jiang Pengzhi, Mr. Yang Ye and Ms. Tsang Fung Chu JP.

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

* *For identification purposes only*