



INTERIM REPORT
2019



APPLIED DEVELOPMENT HOLDINGS LIMITED

實力建業集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code : 519

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Yao Wei Rong (*Chairman*)
Mr. Yuen Chi Ping (*Chief Executive Officer*)
Ms. Ng Kit Ling (resigned on 22 October 2018)

Non-Executive Director

Mr. Guo Shun Gen

Independent Non-executive Directors

Mr. Lau Chi Keung
Mr. Yu Tat Chi, Michael
Mr. Chiu Kit Man, Calvin

AUDIT COMMITTEE

Mr. Yu Tat Chi, Michael (*Chairman*)
Mr. Lau Chi Keung
Mr. Chiu Kit Man, Calvin

REMUNERATION COMMITTEE

Mr. Lau Chi Keung (*Chairman*)
Mr. Chiu Kit Man, Calvin
Mr. Yao Wei Rong

NOMINATION COMMITTEE

Mr. Yao Wei Rong (*Chairman*)
Mr. Lau Chi Keung
Mr. Chiu Kit Man, Calvin

COMPANY SECRETARY

Ms. Ng Kit Ling

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 803, 8th Floor
Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong
Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

SHARE REGISTRAR IN BERMUDA

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
Bermuda

PRINCIPAL BANKERS

Nanyang Commercial Bank, Limited
China Construction Bank (Asia)
Corporation Limited
Hang Seng Bank Limited
China Merchants Bank Hong Kong Branch
Bank of Communications Co., Ltd.
Hong Kong Branch

AUDITOR

Mazars CPA Limited
Certified Public Accountants

SOLICITORS

Reed Smith Richards Butler
Baker & McKenzie
Miao & Co.

STOCK CODE

The Stock Exchange of Hong Kong Limited:
519

WEBSITE

<http://www.applieddev.com>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2018

	Notes	Six months ended	
		31 December	
		2018	2017
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Revenue	2	1,412	2,452
Other revenue	2	2,058	2,340
Other income		-	3
Net (loss) gain on disposal of financial assets at fair value through profit or loss		(8,111)	446
Net increase in fair value of financial assets at fair value through profit or loss		66,594	5,965
Net increase in fair value of investment properties		-	7,000
Selling and marketing expenses		(4,964)	(2,240)
Administrative expenses		(9,489)	(8,080)
Finance costs	4	(9,051)	(8,311)
Profit (Loss) before taxation	5	38,449	(425)
Taxation	6	-	-
Profit (Loss) for the period, attributable to equity holders of the Company		38,449	(425)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income (loss) for the period, attributable to equity holders of the Company		38,449	(425)
Earnings (Loss) per share	7		
Basic		1.53 HK cents	(0.02) HK cents
Diluted		1.53 HK cents	(0.02) HK cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Notes	31/12/2018 (Unaudited) HK\$'000	30/06/2018 (Audited) HK\$'000
Non-current assets			
Investment properties	8	530,000	530,000
Property, plant and equipment		208	126
Available-for-sale investments		–	200,185
Financial assets at fair value through other comprehensive income		185	–
Financial assets at fair value through profit or loss	10	200,000	–
		730,393	730,311
Current assets			
Properties under development	9	919,270	820,929
Financial assets at fair value through profit or loss	10	643,072	245,154
Other receivables	11	100,840	145,736
Bank balances and cash		51,386	243,793
		1,714,568	1,455,612
Current liabilities			
Accounts and other payables	12	383,993	228,114
Interest-bearing borrowings		479,201	414,491
		863,194	642,605
Net current assets		851,374	813,007
Total assets less current liabilities		1,581,767	1,543,318
Capital and reserves			
Share capital	13	25,051	25,051
Share premium and reserves		1,441,295	1,402,846
Total equity		1,466,346	1,427,897
Non-current liabilities			
Deferred tax liabilities		115,421	115,421
		1,581,767	1,543,318

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2018

	Attributable to equity holders of the Company							
	Reserves							
	Share capital HK\$'000	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total reserves HK\$'000
At 1 July 2018 (audited)	25,051	406,743	(387)	11,931	204,610	3,965	775,984	1,402,846
Profit for the period	-	-	-	-	-	-	38,449	38,449
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	38,449	38,449
At 31 December 2018 (unaudited)	25,051	406,743	(387)	11,931	204,610	3,965	814,433	1,441,295
At 1 July 2017 (audited)	20,876	244,786	(424)	11,931	204,610	21	765,346	1,226,270
Loss for the period	-	-	-	-	-	-	(425)	(425)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(425)	(425)
Transactions with equity holders Contributions and distributions								
Issue of shares upon placing of shares	4,175	161,957	-	-	-	-	-	166,132
At 31 December 2017 (unaudited)	25,051	406,743	(424)	11,931	204,610	21	764,921	1,387,802
								1,412,853

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2018

	Six months ended	
	31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash from (used in) operating activities	91,296	(43,155)
INVESTING ACTIVITIES		
Interest received	173	1,997
Loans to third parties	–	(45,000)
Purchase of financial assets at fair value through profit or loss	(351,016)	(229,847)
Purchase of property, plant and equipment	(105)	(30)
Proceeds from disposal of financial assets at fair value through profit or loss	11,586	30,304
Net cash used in investing activities	(339,362)	(242,576)
FINANCING ACTIVITIES		
Interest paid in respect of bank borrowings	(9,051)	(8,311)
Net proceeds from issue of shares upon placing of shares	–	166,132
New other borrowings raised	100,670	62,100
Repayment of bank borrowings	–	(40,000)
Repayment of other borrowings	(35,960)	(3,450)
Net cash from financing activities	55,659	176,471
Net decrease in cash and cash equivalents	(192,407)	(109,260)
Cash and cash equivalents at the beginning of the period	243,793	343,227
Cash and cash equivalents at the end of the period	51,386	233,967
Analysis of balances of cash and cash equivalents:		
Cash at bank and on hand	39,027	159,007
Short-term time deposits	12,359	74,420
Bank balances and cash – Disposal Group	–	540
	51,386	233,967

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING AND POLICIES

The condensed consolidated interim financial statements (the "Interim Financial Statements") of the Group for the six months ended 31 December 2018 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 16 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Hong Kong Accounting Standard No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The 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 Group's consolidated financial statements for the year ended 30 June 2018 ("2018 annual financial statements"). The accounting policies adopted in the Interim Financial Statements are consistent with those applied in the preparation of 2018 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 2018 as described below.

Annual improvements to HKFRSs	2014-2016 Cycle: HKFRS 1 and HKAS 28
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

The adoption of these new and 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.

HKFRS 9: Financial Instruments

HKFRS 9 introduces new requirements for recognising and measuring financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- (i) all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVOCI"). All other debt investments and equity investments are initially measured at their fair value at the end of subsequent accounting periods with gain/loss recognised in profit and loss ("FVPL"). In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- (ii) in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial Instruments: Recognition and Measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses 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.

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1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING AND POLICIES (Continued)

At 1 July 2018, the directors of the Company (the "Directors") assessed which business models should be applied to the financial assets and financial liabilities held by the Group on the initial application of HKFRS 9 and have classified financial instruments into the appropriate HKFRS 9 categories as follows:

	Notes	Measurement category	
		Original (HKAS 39)	New (HKFRS 9)
Financial assets			
Debt instruments listed Hong Kong		FVPL	FVPL
Debt instruments listed overseas		FVPL	FVPL
Unlisted investment funds		FVPL	FVPL
Listed equity securities held for trading		FVPL	FVPL
Unlisted equity securities not held for trading	(a)	Available-for-sale financial assets ("AFS"), at cost	FVPL
Listed equity securities not held for trading		AFS	FVOCI
Other receivables	(b)	Amortised cost	Amortised cost
Bank balances and cash	(b)	Amortised cost	Amortised cost
Financial liabilities			
Accounts and other payables		Amortised cost	Amortised cost
Interest-bearing borrowings		Amortised cost	Amortised cost

The carrying amounts for all financial liabilities at 1 July 2018 have not been impacted by the initial application of HKFRS 9.

Notes:

- (a) The effects in relation to the initial fair value measurement of the reclassification at the date of initial application as financial assets at FVPL are set out as follow:

	30 June 2018 HK\$'000	Effect on adoption HKFRS 9 HK\$'000	1 July 2018 HK\$'000
Condensed consolidated statement of financial position			
Available-for-sale financial assets, at cost	200,185	(200,185)	–
Financial assets at FVPL	–	200,000	200,000
Financial assets at FVOCI	–	185	185

- (b) Impairment based on expected credit loss model on these financial assets has no significant financial impact.

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING AND POLICIES (Continued)

The Directors consider that the adoption of HKFRS 9 retrospectively in accordance with the transition provisions therein using the cumulative effect method (i.e. the cumulative effect of initially applying HKFRS 9 is recognised as an adjustment to the opening balance of equity at 1 July 2018) has no material impact on the Group's results, financial position for the current or prior periods. Relevant disclosures have been made where appropriate to inform the readers that the current period information and the comparative information are not entirely comparable.

HKFRS 15: Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, "Revenue", which covered revenue arising from sale of goods and rendering of services, and HKAS 11, "Construction contracts", which specified the accounting for construction contracts.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors consider that the performance obligations that may be identified under HKFRS 15 are similar to the identification of revenue components under the Group's existing revenue recognition policy and therefore, the adoption of HKFRS 15 does not have any significant impact on recognition of revenue.

The Group has not early-adopted the new and revised standards or interpretations issued by the HKICPA that are not yet effective for the current period. The Group is in the process of assessing the possible impact of the adoption of these new and revised standards or interpretations in the future.

2. REVENUE

	Six months ended 31 December 2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Revenue		
Gross rental income from investment properties	–	2,452
Interest income from financial assets at fair value through profit or loss	1,412	–
	1,412	2,452
Other revenue		
Bank interest income	172	541
Other interest income	1,886	1,799
	2,058	2,340
Total revenue	3,470	4,792

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3. SEGMENT INFORMATION

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

The Group's resort and property development segment includes properties under development for commercial purposes acquired during the year ended 30 June 2017. No revenue had been earned by the resort and property development segment for the period as the properties under development was not yet completed. The property investment segment includes commercial properties that are held for capital appreciation or to earn rental income. The investment holding segment includes holding unlisted investment fund, equity securities and debt instruments and other assets. No operating segments have been aggregated.

Segment revenue and results for the six months ended 31 December 2018 are presented below:

	Resort and property development (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Investment holding (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Revenue	-	-	1,412	1,412
Other revenue and income	41	-	-	41
	41	-	1,412	1,453
Results				
Segment results	(7,083)	(755)	59,855	52,017
Unallocated corporate income				2,017
Unallocated corporate expenses				(6,534)
Finance costs				(9,051)
Profit before taxation				38,449
Taxation				-
Profit for the period				38,449

Segment assets and liabilities as at 31 December 2018 and other segment information for the six months ended 31 December 2018 are presented below:

	Resort and property development (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Investment holding (Unaudited) HK\$'000	Segment total (Unaudited) HK\$'000	Unallocated (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
As at 31 December 2018						
Assets	966,201	542,267	600,492	2,108,960	336,001	2,444,961
Liabilities	528,746	348,171	100,980	977,897	718	978,615

	Resort and property development (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Investment holding (Unaudited) HK\$'000	Segment total (Unaudited) HK\$'000	Unallocated (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Six months ended 31 December 2018						
Other segment information:						
Additions to property, plant and equipment	95	-	10	105	-	105
Depreciation of property, plant and equipment	21	-	2	23	-	23
Net increase in fair value of financial assets at fair value through profit or loss	-	-	66,594	66,594	-	66,594
Net loss on disposal of financial assets at fair value through profit or loss	-	-	(8,111)	(8,111)	-	(8,111)

3. SEGMENT INFORMATION (continued)

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

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

Segment assets and liabilities as at 30 June 2018 and other segment information for the six months ended 31 December 2017 are presented below:

	Resort and property development (Audited) HK\$'000	Property investment (Audited) HK\$'000	Investment holding (Audited) HK\$'000	Segment total (Audited) HK\$'000	Unallocated (Audited) HK\$'000	Total (Audited) HK\$'000
As at 30 June 2018						
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

	Resort and property development (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Investment holding (Unaudited) HK\$'000	Segment total (Unaudited) HK\$'000	Unallocated (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Six months ended 31 December 2017						
Other segment information:						
Additions to property, plant and equipment	30	–	–	30	–	30
Depreciation of property, plant and equipment	97	–	8	105	–	105
Increase in fair value of investment properties	–	7,000	–	7,000	–	7,000
Net increase in fair value of financial assets at fair value through profit or loss	–	–	5,965	5,965	–	5,965
Net gain on disposal of financial assets at fair value through profit or loss	–	–	446	446	–	446

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

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3. SEGMENT INFORMATION (continued)

Geographical information

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

The following table provides an analysis of the Group's revenue from external customers by geographical market, which interest income from financial assets at fair value through profit or loss is based on the markets of the respective instruments (2017: gross rental income from investment properties is based on the investment properties located in Hong Kong):

	Revenue by geographical market	
	31/12/2018 (Unaudited) HK\$'000	31/12/2017 (Unaudited) HK\$'000
Hong Kong	1,412	2,452

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	
	31/12/2018 (Unaudited) HK\$'000	30/6/2018 (Audited) HK\$'000
Hong Kong	530,018	530,010
The PRC	190	116
	530,208	530,126

Non-current assets presented above exclude financial instruments. 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	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Interest expenses on bank and other borrowings	17,184	8,311
Less: Interest capitalised into properties under development	(8,133)	–
	9,051	8,311

5. PROFIT (LOSS) BEFORE TAXATION

	Six months ended	
	31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit (Loss) for the period after charging:		
Staff costs, including directors' emoluments		
Salaries and other benefits	4,082	3,496
Retirement benefit scheme contribution	169	34
Total staff costs	4,251	3,530
Other items		
Depreciation of property, plant and equipment	23	105
Direct operating expenses relating to investment properties that generated rental income	117	346
Direct operating expenses relating to investment properties that did not generate rental income	519	103
Operating lease payments on premises	1,183	1,123

6. TAXATION

Hong Kong Profits Tax has not been provided as the Group's estimated assessable profits for the six months ended 31 December 2018 and 2017 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 PRC income tax has not been provided as the PRC subsidiaries have incurred losses during the six months ended 31 December 2018 and 2017.

7. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share for the six months ended 31 December 2018 is based on the profit attributable to equity holders of the Company of approximately HK\$38,449,000 (2017: loss of approximately HK\$425,000) and on the weighted average of 2,505,105,739 (2017: 2,309,962,859) ordinary shares of the Company in issue during the period.

The diluted earnings (loss) per share is the same as the basic earnings (loss) per share for the six months ended 31 December 2018 and 2017. The Company did not have any dilutive potential ordinary shares during the six months ended 31 December 2018 and 2017.

8. INVESTMENT PROPERTIES

	31/12/2018	30/6/2018
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Investment properties, at fair value	530,000	530,000

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9. PROPERTIES UNDER DEVELOPMENT

	31/12/2018 (Unaudited) HK\$'000	30/6/2018 (Audited) HK\$'000
Properties under development	919,270	820,929

The properties under development are located in the PRC held under lease term of 40 years from 2014 to 2053. The development of the properties as at 31 December 2018 and 30 June 2018 is expected to be completed after more than one year.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	31/12/2018 (Unaudited) HK\$'000	30/6/2018 (Audited) HK\$'000
At fair value			
Unlisted investment funds	(a)	205,394	199,903
Debt instruments listed in Hong Kong	(b)	37,163	37,454
Debt instruments listed overseas	(c)	7,850	7,797
Equity securities listed in Hong Kong	(d)	392,665	–
Unlisted equity securities	(e)	–	–
Loan to an affiliate company	(e)	200,000	–
		843,072	245,154
<hr/>			
Non-current portion		200,000	–
Current portion		643,072	245,154
		843,072	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\$142,998,000 and HK\$62,396,000 (30 June 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\$205,394,000 (30 June 2018: approximately HK\$199,903,000) was established by reference to the prices quoted by the administrator based on the net assets value of the Funds as at 31 December 2018 and 30 June 2018.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

- (b) As at 31 December 2018 and 30 June 2018, the Group held debt instruments listed in Hong Kong with aggregate principal amount of US\$4,705,000 (30 June 2018: US\$5,025,000), which bore fixed interest rate ranging from 4.75% to 7.10% per annum. The fair value of these debt instruments at the end of the reporting period amounting to approximately HK\$37,163,000 (30 June 2018: HK\$37,454,000) was determined on the basis of quoted market price.
- (c) As at 31 December 2018 and 30 June 2018, the Group held debt instruments listed overseas with aggregate principal amount of US\$984,025 (30 June 2018: US\$1,007,250), which bore fixed interest rate ranging from 5.875% to 6.85% per annum. The fair value of these debt instruments at the end of the reporting period amounting to approximately HK\$7,850,000 (30 June 2018: HK\$7,797,000) was determined on the basis of quoted market price.
- (d) The fair value of listed equity securities are based on quoted market prices in active market.
- (e) As at 31 December 2018 and 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 million 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 activities of Wealth Guide is investment holdings and provision of financing activities and the major investments are equity securities and other investments.

In the opinion of the Directors, the Group has no significant influence on Wealth Guide in accordance with HKAS 28 (2011) because no representative can be appointed in the board of directors of Wealth Guide by the Group and the Group did not participate in any policy making processes of Wealth Guide. Accordingly, the equity investments and shareholder's loan are accounted for as available-for-sale financial assets measured at cost less impairment loss as at 30 June 2018. Upon the adoption of HKFRS 9 on 1 July 2018, the investment has been reclassified as financial assets at fair value through profit or loss.

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

11. OTHER RECEIVABLES

	31/12/2018 (Unaudited) HK\$'000	30/6/2018 (Audited) HK\$'000
Deposits, prepayments and other debtors	22,864	7,670
Loan receivables (<i>note</i>)	62,000	107,000
Prepaid PRC Land appreciation tax	3,703	1,066
Due from a security broker	12,273	30,000
	100,840	145,736

Note:

Loan granted to borrowers are unsecured, bearing fixed interest rate ranged from 1.5% to 8% (30 June 2018: 4% to 6%) and are within the respective maturity dates.

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12. ACCOUNTS AND OTHER PAYABLES

	31/12/2018 (Unaudited) HK\$'000	30/6/2018 (Audited) HK\$'000
Accounts payables		
To third parties (note (a))	117,343	109,738
Other payables		
Accrued charges and other creditors	13,329	5,537
Deposits received and receipt in advance (note (b))	231,281	90,799
Provision for land transfer fees	22,040	22,040
	383,993	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:

	31/12/2018 (Unaudited) HK\$'000	30/6/2018 (Audited) HK\$'000
Within 365 days	60,777	40,760
Over 365 days	56,566	68,978
	117,343	109,738

Included in the accounts payables with ageing in "Over 365 days" category as at 31 December 2018 and 30 June 2018 was outstanding construction cost of approximately RMB37 million (equivalent to approximately HK\$42 million) (30 June 2018: RMB47 million (equivalent to approximately: HK\$55 million) due to a contractor for construction work of the properties under development from years 2013 to 2016.

- (b) Deposits received and receipt in advance represent deposits received from sales of properties under development of approximately HK\$191,900,000 (30 June 2018: HK\$72,325,000), which are expected to be recognised as income in more than one year, and properties decoration fee received from customers and intention deposits received from potential customers for purchase of properties under development of approximately HK\$19,901,000 (30 June 2018: HK\$9,649,000) and HK\$19,480,000 (30 June 2018: HK\$8,825,000) respectively.

13. SHARE CAPITAL

	31/12/2018 (Unaudited)		30/6/2018 (Audited)	
	Number of ordinary shares	Amount HK\$'000	Number of ordinary shares	Amount HK\$'000
Authorised:				
At 31 December 2018/30 June 2018, ordinary shares of HK\$0.01 each	6,000,000,000	60,000	6,000,000,000	60,000
Issued:				
At 31 December 2018/30 June 2018	2,505,105,739	25,051	2,505,105,739	25,051

14. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the condensed consolidated interim financial statements, during the period, the Group had the following transactions with related parties:

(a) Remuneration to key management personnel

Remuneration to key management personnel including amounts paid to the Directors are as follows:

	Six months ended 31 December	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Salaries and other benefits	2,253	1,927
Retirement benefits scheme contributions	27	18
	2,280	1,945

(b) As at 31 December 2018, a shareholder and director of the borrower of the loan with principal amount of HK\$62,000,000 is the spouse of the Company's director, Mr. Yuen Chi Ping.

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following table presents the carrying value of financial instruments measured at fair value at 31 December 2018 and 30 June 2018 across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level of input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical financial instruments that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the financial instruments, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the financial instruments.

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15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

(i) *Financial assets measured at fair value*

	31/12/2018 (Unaudited)			
	Total HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
<i>Financial assets at fair value through profit or loss:</i>				
Unlisted investment funds	205,394	-	205,394	-
Debt instruments listed in Hong Kong	37,163	37,163	-	-
Debt instruments listed overseas	7,850	7,850	-	-
Equity securities listed in Hong Kong	392,665	392,665	-	-
Unlisted equity securities	-	-	-	-
Loan to an affiliate company	200,000	-	-	200,000
	843,072	437,678	205,394	200,000

Financial assets at fair value through other comprehensive income:

Equity securities listed in Hong Kong	185	185	-	-
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	30/6/2018 (Audited)			
	Total HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
<i>Financial assets at fair value through profit or loss:</i>				
Unlisted investment funds	199,903	-	199,903	-
Debt instruments listed in Hong Kong	37,454	37,454	-	-
Debt instruments listed overseas	7,797	7,797	-	-
	245,154	45,251	199,903	-

Available-for-sale financial assets:

Equity investments listed in Hong Kong	185	185	-	-
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During the six months ended 31 December 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements. The movement in Level 2 fair value measurement since 1 July 2018 was a fair value increase/decrease in financial assets, which has been recognised in profit or loss. The movement in Level 3 fair value measurement since 1 July 2018 was the reclassification of available-for-sale financial assets stated at cost to financial assets at fair value through profit or loss and the fair value increase/decrease (if any).

MANAGEMENT DISCUSSION AND OUTLOOK

INTERIM DIVIDEND

The Directors do not recommend an interim dividend for the six months ended 31 December 2018 (31 December 2017: HK\$ nil).

RESULTS

The Company recorded a profit of HK\$38,449,000 for the six months ended 31 December 2018 as compared to the loss of HK\$425,000 recorded for the six months ended 31 December 2017. The turnaround of the Group's results is mainly attributable to the net increase in fair value of financial assets at fair value through profit or loss of HK\$66,594,000. Although the Group recorded a profit, such profit had been reduced by the following factors: (i) the increase in selling and marketing expenses in respect of the properties under development and administrative expenses of HK\$2,724,000 and HK\$1,409,000 respectively (ii) net loss on the disposal of financial assets at fair value through profit or loss of HK\$8,111,000. There was no increase in fair value of investment properties for the reporting period as compared to the increase of HK\$7,000,000 for the corresponding period in 2017.

BUSINESS REVIEW

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

Resort and Property Development

After the acquisition of 無錫盛業海港股份有限公司 ("Wuxi Shengye"), a wholly owned subsidiary of the Company in June 2017, Wuxi Shengye has obtained the approval of the pre-sale of part of the properties under development from the relevant authority in the PRC and had commenced the pre-sale since October 2017. At 31 December 2018, the pre-sales of properties under development with the total contract sum of approximately RMB287 million have been accumulated and the completion of the construction is expected to be in 2020.

Property Investment

The Company started to sub-divide of units of the investment property (the "Sub-division") at the whole 24th floor, Tower One, Lippo Centre, No 89 Queensway, Hong Kong ("Lippo Centre") in October 2018 and expected to complete the Sub-division in February 2019. After the completion of Sub-division, the board believes that the Group's Lippo Centre properties will contribute satisfied returns to the Group.

MANAGEMENT DISCUSSION AND OUTLOOK

Investment Holding

For the period ended 31 December 2018, the Group recorded interest income of HK\$1,411,500 (2017: HK\$nil) on investment in corporate bonds.

Reference made to the Company's announcement dated 28 June 2018, the Group subscribed approximately 131.6 million listed shares in Redsun Properties Group Limited (HK stock code: 1996) for approximately HK\$300 million and the Group further acquired approximately 13.1 million listed shares in Fullshare Holdings limited (HK stock code: 607) for approximately HK\$47 million during the period ended 31 December 2018.

For the period ended 31 December 2018, the Group recognized a net loss on disposal of and net increase in fair value of financial assets at fair value through profit or loss of HK\$8,111,000 and HK\$66,594,000 respectively. As at 31 December 2018, the carrying value of the financial assets at fair value through profit or loss including the investment in listed shares was HK\$643,072,000.

At 31 December 2018, the Company invested in 20% equity interests in Wealth Guide Global Limited ("Wealth Guide") for a nominal value of US\$20 together with a shareholder loan of HK\$200,000,000 and the fair value of financial assets at fair value through other comprehensive income and profit or loss were HK\$185 and HK\$200,000,000 respectively, which were evaluated by the Director.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 31 December 2018, the Group had current assets of HK\$1,714,568,000 (30 June 2018: HK\$1,455,612,000) and current liabilities of HK\$863,194,000 (30 June 2018: HK\$642,605,000), representing a current ratio of about 2 times (30 June 2018: 2.3 times). The Group's total equity and the total bank and other borrowings as at 31 December 2018 amounted to HK\$1,466,346,000 (30 June 2018: HK\$1,427,897,000) and HK\$479,201,000 (30 June 2018: HK\$414,491,000) respectively, representing a gearing ratio of 32.7% (30 June 2018: 29%).

MANAGEMENT DISCUSSION AND OUTLOOK

OUTLOOK

Reference is made to the Company's announcement dated 15 June 2018, 實力建業(南京)企業管理有限公司 (Applied Development (Nanjing) Corporate Management Co., Ltd.*) a wholly-owned subsidiary of the Company entered into a capital injection agreement to inject a sum of RMB110,000,000 into 南京東方頤年養老服務有限公司 (Nanjing Eastern Senior Living Service Co., Ltd.*), which together with its subsidiaries, the "Target Group", which is principally engaged in services and provision of nursing housing to senior members. Whilst the Group will continue to engage in its principal business, the Group can also engage in the senior services and nursing housing business through the Target Group. According to Jiangsu Province's "Thirteenth Five-Year Plan" Pension Service Development Plan* 江蘇省“十三五”養老服務業發展規劃, Jiangsu province is one of the provinces in China facing the increase of ageing population and it is estimated that by 2020, the province's elderly population aged over 60 will reach 19,500,000, which will account for 25% of the total population and will exceed 30% by 2030, the Group therefore believes that the senior and nursing housing business is with growth potential and can establish value added component and complementary basis for the development of the Group's overall business.

Reference is made to the Company's announcements dated 14 June 2018, 9 July 2018 and 15 August 2018, the Subscriber entered into the Subscription Agreement with the Fund (acting by the General Partner) pursuant to which the Subscriber has conditionally agreed to make an investment of up to HK\$600,000,000 (with a minimum commitment of HK\$200,000,000) to the Fund, representing up to approximately 30% of the Proposed Fund Size. Following the acceptance of the Subscription Agreement by the General Partner and the fulfilment of the Conditions in accordance with the terms of the Subscription Agreement, the Subscriber will be admitted as a Limited Partner to the Fund by entering into the Limited Partnership Agreement. The investment strategy of the Fund is to focus on investments equities of private and public companies in certain industries inside or outside of China including, but not limited to, telecommunications media and technology, macro-health, high-end equipment manufacturing, energy-saving environmental protection, and new materials. The Board believes that the Investment in the Fund will contribute better return to the Group.

The Group started to the Sub-division at the Lippo Centre in October 2018 and expected to complete the Sub-division in February 2019. After the completion of Sub-division, the board believes that the Group's Lippo Centre properties will contribute satisfied returns to the Group.

After the acquisition of Wuxi Shengye at the end of June 2017, the pre-sale of the properties under development commenced in October 2017 and completion of the construction is expected to take place in 2020. The Board believes that the sales of the properties under development will contribute revenue to the Group. The Group will continue to look for the best opportunities or investments including but not limited to the investments in property investment, resort and property development and investment holding businesses.

* For identification purpose only

MANAGEMENT DISCUSSION AND OUTLOOK

PRINCIPAL RISK AND UNCERTAINTIES

The Group is principally engaged in property investment, resort and property development and investment holding. The financial position, operations, businesses and prospects of the Group and its individual business segment are affected by the following significant risk 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 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 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 rate of properties are transparent in property leasing markets in Hong Kong. The transparency of the leasing markets put 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 area 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 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, Hong Kong dollars and US dollars, and hence the exposure to foreign exchange risk was insignificant to the Group. The Group is exposed to price risk arising from investments holding comprising unlisted investment funds held under financial assets at fair value through profit or loss. Credit risk refers of the risk that debtors will default on their obligations to repay the amounts due to the Group. The Group's

MANAGEMENT DISCUSSION AND OUTLOOK

credit risk is mainly attributable to loan to an affiliate company, loan receivables and bank balances which the management considers the credit risk are insignificant as the counter-parties have their good credit in the market. The Group has its sufficient level of bank balances and cash to finance the Group 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 Renminbi, Hong Kong dollars and US dollars, and hence the exposure to foreign exchange risk was insignificant to the Group. The Group does not engage in foreign exchange speculation activities. It is Group's policy to manage foreign exchange risk through matching foreign exchange income with expenses, and where exposure to foreign exchange is anticipated, appropriate hedging instrument will be used.

CAPITAL COMMITMENTS

The Group had no material capital commitments at 31 December 2018 and 30 June 2018.

PLEDGE OF ASSETS

At 31 December 2018 and 30 June 2018, the Group had provided the following security for banking facilities granted to the Group:

- (i) pledge of investment properties of the Group with a carrying amount of HK\$530,000,000 (30 June 2018: 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; and
- (iii) assignment agreements in respect of insurance of the Group's investment properties duly executed by the Group in favour of the bank.

LITIGATION

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

HUMAN RESOURCES AND REMUNERATION POLICY

At 31 December 2018, the Group employed a total of 40 (30 June 2018: 28) full-time employees and executive directors. The Group's total staff costs including directors' emoluments amounted to HK\$4,252,000 for the six months ended 31 December 2018 (2017: HK\$3,530,000). The remuneration packages for directors and employees are normally reviewed annually and are structured by reference to market terms and individual competence, performance and experience. The Group also provides medical insurance coverage and operates a provident fund scheme for its employees in Hong Kong.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2018, none of the directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code and which were required to be entered into and kept under the register pursuant to Section 352 of the SFO.

UPDATES ON DIRECTORS' INFORMATION

As at 31 December 2018, there is no updated information of directors of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

The directors and employees of the Company and its subsidiaries are entitled to participate in the share option scheme of the Company adopted by the Company on 15 November 2012. Up to 31 December 2018, no share options had been granted since the adoption of the share option scheme.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other associated corporations (within the meaning of Part XV of the SFO) and none of the directors or their spouses or children under the age of 18 had any right to subscribe for securities of the Company or had exercised any such rights during the period.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2018, the following interests of more than 5% of the issued shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

Long positions in the Shares or underlying Shares

Name of shareholder	Capacity and Nature of interest	Number of ordinary shares	
		Number of issued shares held	Approximate percentage of the Company's issued share capital of the Company
Hong Kong Ruihua Investment Management Limited ("HK Ruihua")	Interests of Controlled Corporation	559,865,959	22.35%
Jiangsu Ruihua Investment Development Co., Limited	Interests of Controlled Corporation	559,865,959	22.35%
Zhang Jianbin	Interests of Controlled Corporation	559,865,959	22.35%

Note:

HK Ruihua is wholly owned by Jiangsu Ruihua, which is in turn owned by Mr. Zhang Jianbin as to 98.82%. Accordingly, each of Jiangsu Ruihua and Mr. Zhang Jianbin is deemed to be interested in 559,865,959 Shares, representing approximately 22.35% of the total issued share capital of the Company.

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

During the six months ended 31 December 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

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

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 31 December 2018, save in respect of code provisions A.4.2. Details of the deviations are set out in the paragraphs below:

OTHER INFORMATION

CORPORATE GOVERNANCE (Continued)

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

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

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

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

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

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

AUDIT COMMITTEE

The unaudited condensed consolidated financial statements of the Company for the six months ended 31 December 2018 have been reviewed by the Audit Committee before they are duly approved by the Board under the recommendation of the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiries of all the Directors, all the Directors have confirmed that they had complied with the required standard set out in the Model Code during the six months ended 31 December 2018.