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PALADIN LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 495)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

The Board of Directors (the “Board”) of Paladin Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2024.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2024

		Six months ended 31 December	
	<i>Note</i>	2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	21,135	10,324
Cost of sales and service		<u>(11,047)</u>	<u>(4,626)</u>
Gross profit		10,088	5,698
Other income		327	128
Other gains and losses	4	(17,870)	3,857
Administrative and other operating expenses		<u>(20,297)</u>	<u>(22,543)</u>
Loss from operations		(27,752)	(12,860)
Finance costs	5	<u>(3,277)</u>	<u>(2,778)</u>
Loss before tax		(31,029)	(15,638)
Income tax expense	6	<u>(167)</u>	<u>–</u>
Loss for the period	7	<u>(31,196)</u>	<u>(15,638)</u>

	Six months ended 31 December	
<i>Note</i>	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other comprehensive income:		
<i>Items that reclassified or may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	1,500	(1,043)
Release of exchange reserve upon dissolution of subsidiaries	<u>–</u>	<u>(406)</u>
Other comprehensive income for the period, net of tax	<u>1,500</u>	<u>(1,449)</u>
Total comprehensive income for the period	<u>(29,696)</u>	<u>(17,087)</u>
Loss for the period attributable to:		
Owners of the Company	(31,288)	(13,480)
Non-controlling interests	<u>92</u>	<u>(2,158)</u>
	<u>(31,196)</u>	<u>(15,638)</u>
Total comprehensive income for the period attributable to:		
Owners of the Company	(30,073)	(14,764)
Non-controlling interests	<u>377</u>	<u>(2,323)</u>
	<u>(29,696)</u>	<u>(17,087)</u>
Loss per share		
	<i>9</i>	
Basic (<i>HK cents per share</i>)	<u>(2.16)</u>	<u>(0.96)</u>
Diluted (<i>HK cents per share</i>)	<u>(2.17)</u>	<u>(1.06)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	<i>Note</i>	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
Non-current assets			
Investment properties		396,600	417,700
Property, plant and equipment		201,305	204,037
Goodwill		–	–
Other intangible assets		–	–
Financial assets at fair value through profit or loss ("FVTPL")		37,037	37,255
Total non-current assets		634,942	658,992
Current assets			
Inventories		4,711	4,281
Trade and other receivables	10	8,585	5,945
Bank and cash balances		24,350	36,250
Total current assets		37,646	46,476
Current liabilities			
Trade and other payables	11	15,319	14,078
Contract liabilities		1,667	85
Due to related parties		13,290	13,480
Secured bank borrowings		102,730	104,489
Convertible notes		–	7,279
Other borrowings		2,296	1,707
Current tax liabilities		403	236
Total current liabilities		135,705	141,354
Net current liabilities		(98,059)	(94,878)
Total assets less current liabilities		536,883	564,114

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
Non-current liabilities		
Other borrowings	<u>19,339</u>	<u>20,705</u>
NET ASSETS	<u>517,544</u>	<u>543,409</u>
CAPITAL AND RESERVES		
Share capital	16,450	14,013
Reserves	<u>532,501</u>	<u>562,490</u>
Equity attributable to owners of the Company	548,951	576,503
Non-controlling interests	<u>(31,407)</u>	<u>(33,094)</u>
TOTAL EQUITY	<u>517,544</u>	<u>543,409</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

These condensed consolidated financial statements should be read in conjunction with the 2024 annual consolidated financial statements. Except as described below, the accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 30 June 2024.

The Group incurred a loss of approximately HK\$31,196,000 during the six months ended 31 December 2024 and, as of that date, the Group had net current liabilities of approximately HK\$98,059,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

- (i) The secured bank loans of approximately HK\$102,730,000 with a repayment on demand clause will be repaid in accordance with the scheduled repayment dates and the banks will not exercise their discretionary rights to demand immediate repayment;
- (ii) Gold Seal Holdings Limited, a shareholder of the Company, has agreed not to demand for repayment of the balance of approximately HK\$12,580,000 due from the Group as at 31 December 2024 until it is in a financial position to do so;
- (iii) The Group has undrawn available banking facilities of approximately HK\$84,770,000 as at 31 December 2024; and
- (iv) The Group has implemented and will continue to implement various strategies to enhance the Group’s revenue and profitability including adopting various of measures to control costs.

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

2. NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

A. New and amended standards adopted by the Group

The Group has applied the following amendments for the first time from 1 July 2024:

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

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the amended standards or revised interpretation.

B. Impact of new and amended standards issued but not yet adopted by the Group

In September 2023, HKICPA amended HKAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. The management does not expect the amendment to have a material impact on the consolidated financial statements.

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

3. REVENUE AND SEGMENT INFORMATION

The Group's operations and main revenue streams are those described in the last annual consolidated financial statements. The Group's revenue is derived from contracts with customers.

The Group has two operating segments as follows:

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

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

Segment profits or losses do not include certain other income, certain other gains and losses and unallocated corporate expenses.

	Property investment <i>HK\$'000</i> (Unaudited)	Research and development <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Six months ended 31 December 2024:			
Revenue from external customers	<u>2,894</u>	<u>18,241</u>	<u>21,135</u>
Segment loss	<u>(18,934)</u>	<u>(5,038)</u>	<u>(23,972)</u>
Unallocated expenses			<u>(10,305)</u>
Unallocated income			<u>3,248</u>
Consolidated loss before tax			<u><u>(31,029)</u></u>
	Property investment <i>HK\$'000</i> (Unaudited)	Research and development <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Six months ended 31 December 2023:			
Revenue from external customers	<u>4,341</u>	<u>5,983</u>	<u>10,324</u>
Segment profit/(loss)	<u>3,278</u>	<u>(11,875)</u>	<u>(8,597)</u>
Unallocated expenses			<u>(10,721)</u>
Unallocated income			<u>3,680</u>
Consolidated loss before tax			<u><u>(15,638)</u></u>

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

Reconciliation of segment loss from operations:

	Six months ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Total loss of reportable segments	(23,972)	(8,597)
Unallocated amounts:		
Other income	18	64
Other gains and losses	3,230	3,616
Administrative and other operating expenses	(10,305)	(10,721)
	<u>(31,029)</u>	<u>(15,638)</u>
Consolidated loss before tax	<u>(31,029)</u>	<u>(15,638)</u>

Geographical information:

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

	Six months ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Hong Kong	2,894	4,341
Finland	17,444	5,241
Others	797	742
	<u>21,135</u>	<u>10,324</u>
Consolidated total	<u>21,135</u>	<u>10,324</u>

4. OTHER GAINS AND LOSSES

	Six months ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Fair value losses on investment properties	(21,100)	–
Fair value (losses)/gains on financial assets at FVTPL	(218)	168
Fair value gains on convertible notes	3,448	3,448
Gain on dissolution of subsidiaries	–	241
	<u>(17,870)</u>	<u>3,857</u>

5. FINANCE COSTS

	Six months ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on bank borrowings	3,218	2,724
Interest on other borrowings	59	54
	<u>3,277</u>	<u>2,778</u>

6. INCOME TAX EXPENSE

	Six months ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	<u>167</u>	<u>–</u>

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

7. LOSS FOR THE PERIOD

The Group's loss for the period is arrived at after charging/(crediting) the following:

	Six months ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Bank interest income	(327)	(128)
Cost of inventories sold	10,389	3,577
Direct operating expenses of investment properties that generate rental income	18	6
Direct operating expenses of investment properties that did not generate rental income	640	1,043
Depreciation of property, plant and equipment	2,749	3,527
	<u>2,749</u>	<u>3,527</u>

8. DIVIDEND

No dividend was paid or proposed by the Company during the six months ended 31 December 2024 (2023: Nil), nor has any dividend been proposed since the end of the reporting period.

9. LOSS PER SHARE

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

	Six months ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss		
Loss for the purpose of calculating basic loss per share	(31,288)	(13,480)
Fair value gains on convertible notes	<u>(3,448)</u>	<u>(3,448)</u>
Loss for the purpose of calculating diluted loss per share	<u>(34,736)</u>	<u>(16,928)</u>

	Six months ended 31 December	
	2024	2023
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares used in basic loss per share calculation	1,450,294,733	1,401,437,549
Effect of dilutive potential ordinary shares arising from 2017 Convertible Notes outstanding	<u>153,037,784</u>	<u>191,557,498</u>
Weighted average number of ordinary shares used in diluted loss per share calculation	<u>1,603,332,517</u>	<u>1,592,995,047</u>

The conversion of the Company's outstanding 2014 Convertible Notes would be anti-dilutive before the exercise of the conversion rights during the six months ended 31 December 2024. The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options as the exercise prices of those share options were higher than the average market price for shares for the six months ended 31 December 2024.

The conversion of the Company's outstanding 2014 Convertible Notes would be anti-dilutive during the six months ended 31 December 2023. The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options as the exercise prices of those share options were higher than the average market price for shares for the six months ended 31 December 2023.

10. TRADE AND OTHER RECEIVABLES

	31 December	30 June
	2024	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables	5,003	2,618
Other receivables	1,586	1,582
Deposits	953	1,108
Prepayments	<u>1,043</u>	<u>637</u>
	<u>8,585</u>	<u>5,945</u>

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

	31 December	30 June
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0 – 90 days	4,461	2,183
91 – 180 days	229	286
181 – 365 days	313	–
Over 365 days	–	149
	<u>5,003</u>	<u>2,618</u>

11. TRADE AND OTHER PAYABLES

	31 December	30 June
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade payables	961	598
Accruals	3,789	3,182
Rental deposits received	3,969	3,969
Other payables	6,600	6,329
	<u>15,319</u>	<u>14,078</u>

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

	31 December	30 June
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0 – 90 days	<u>961</u>	<u>598</u>

MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS REVIEW AND PROSPECTS

The Group's turnover increased by approximately 105% to approximately HK\$21 million for the six months ended 31 December 2024 compared to the same period last year, and recorded a loss of approximately HK\$31 million as compared to a loss of approximately HK\$16 million for the corresponding period in 2023. The increase in loss is primarily attributable to the fair value losses of approximately HK\$21 million on investment properties for the six months ended 31 December 2024.

Properties investment

Rental income of the Group for the six months ended 31 December 2024 generated from its investment properties amounted to approximately HK\$3 million (2023: HK\$4 million).

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

Development of high technology products

The Group's development of next generation technology applications involve imaging, surveillance, navigation and advanced semi-conductor processing. The technology division of the Group is employing about 29 research and development engineers. To date, the Group working together with the Finnish Funding Agency for Technology and Innovation, have invested around HK\$160 million and further substantial investment is anticipated in the coming years. It is expected that as we mature, the sales of a number of technological products or systems developed by the Group will continue or will commence soon and we are aiming that by the calendar year 2029, our technology division will generate a revenue of US\$29 million.

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

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

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

The total sales for the six months ended 31 December 2024 was approximately HK\$18 million.

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

– Security product line:

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

– NDT product line:

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

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

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

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

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

- IPESSA Base Station is based on IPESSA Tiny but features the capability of providing RTK correction data to moving vehicles (rovers). The RTK correction data is an essential enabler for achieving centimeter-level positioning accuracy. IPESSA Base Station also includes a UHF radio for sending the data to the rovers. The first base station was delivered in December 2023.
- IPESSA Nano is a compact positioning module, perfect for size-sensitive applications like drones and compact AGVs. It runs on a dual-antenna satellite receiver and an inertial measurement unit (IMU). However, Nano comes with a more limited feature set compared to Tiny. Hardware and mechanical prototypes rolled out in late 2021, but software development encountered delays attributable to resource constraints. First IPESSA Nano units were shipped to customers during the fiscal year 2023-24.
- IPESSA Yaw Bar is a high-end positioning device, fine-tuned for marine use-cases. It features an optional fiber optic gyroscope (FOG) for top-tier orientation sensing, essential for GNSS-independent North Finding in certain marine scenarios. Like Tiny and Nano, Yaw Bar utilizes similar GNSS receivers and inertial sensors. The IMO (International Maritime Organization) hasn't approved RTK corrections for marine vessels, so the initial market focus is on non-SOLAS ships like fishing boats and utility vessels. The sales of the entry-level version of the IPESSA Yaw Bar with MEMS-based inertial sensors have commenced.
- IPESSA RTK-VINS leverages the core tech of both Tiny and Nano, augmented with a visual inertial navigation system (VINS). This hybrid approach enhances positioning accuracy and robustness in GNSS-challenged environments, making it highly applicable for various UGV, AGV and drone contexts. The RTK-VINS system is a joint venture with Dynim Oy, see below for details about the different product versions and their status.

Dynim Oy, a non-wholly owned subsidiary based in Espoo, Finland, is actively developing the RTK VINS series in collaboration with its sister companies: Navigs Oy, Crearo, Pixon, and Techvico. By leveraging shared resources and expertise, Dynim is accelerating the development and commercialisation of advanced platforms that provide positioning, sensing and connectivity capabilities as an all in one solution for various products.

RTK VINS Project Portfolio:

1) RTK VINS AI

A high-performance NVIDIA-based platform designed for Autonomous navigation/Robotics applications, featuring:

- Camera Options: Triple-camera setup (stereo + high-resolution RGB) and dual-camera configuration.
- Integrated Sensors: IMU, magnetometer, gyroscope, accelerometer, and RTK module.

Development Status:

- Currently in the optimization phase, with the first prototype targeted for first quarter of 2025.
- Intended for deployment in agricultural robots and autonomous mobile robot (AMR) solutions both projects to be led by Techvico.

2) RTK VINS Lite

A Qualcomm-based solution optimized for real-time positioning and IoT applications, featuring:

- Camera Options: Triple-camera setup (stereo + high-resolution RGB) and dual-camera configuration.
- Integrated Sensors: IMU, magnetometer, gyroscope, accelerometer, and Quectel LG69T RTK module.

Development Status:

- Currently in the optimization phase, with the second prototype iteration expected in early second quarter of 2025.
- Target applications include autonomous drones, smart dashcams, and AI-driven surveillance cameras.

3) RTK VINS Dual Core

An STM-based navigation platform designed for lightweight, high-efficiency applications, featuring:

- Camera Options: Single-camera and dual-camera configurations.
- Integrated Sensors: IMU and RTK module.

Development Status:

- Currently in the development phase, with the first prototype targeted for first quarter of 2025.
- Intended for applications in autonomous drones, autosteering systems, e-bikes, and geospatial surveying solutions.

Business Strategy & Market Approach

The RTK VINS platforms and products are jointly developed by Dynim and its sister companies and will be marketed under the Dynim brand in the EU market. Dynim is also actively scaling its engineering team in Vietnam to support ongoing development.

Business Model:

- Platform & Product Sales: Offering RTK-enabled navigation solutions across multiple industries.
- Engineering Services: Providing customization, integration, and support for robotics, automation, and AI applications.

Through this strategic collaboration, Dynim aims to deliver high-precision, scalable solutions for next-generation autonomous systems.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2024, net current liabilities of the Group were approximately HK\$98 million. The current ratio was 0.28. The bank and cash balances were approximately HK\$24 million.

As at 31 December 2024, the Group has outstanding liabilities of approximately HK\$155 million comprising (i) trade and other payables of approximately HK\$15 million, (ii) amounts due to related parties of approximately HK\$13 million, (iii) secured bank borrowings of approximately HK\$103 million, and (iv) other liabilities of approximately HK\$24 million. The secured bank borrowings of approximately HK\$79 million and HK\$24 million are on floating interest rates basis and fixed interest rates basis respectively.

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

The Group's bank borrowings were secured by leasehold land and buildings of approximately HK\$381 million.

The Group's gearing ratio as determined by total debt divided by total assets was approximately 23%.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the six months ended 31 December 2024, the Group had no material acquisitions and disposals of subsidiaries.

As at 31 December 2024, the Group had no material investment.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group employed a total of 45 employees. They were remunerated according to market conditions.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant contingent liability.

INTERIM DIVIDEND

The Directors of the Company do not recommend the payment of any interim dividend for the six months ended 31 December 2024.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the six months ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed interest in any of the Company's listed shares.

ISSUE OF NEW SHARES ON REDEMPTION OF CONVERTIBLE NOTES

The Company issued an Offering Circular in 2014 relating to an open offer of Convertible Notes, followed by another Offering Circular in 2017 for a further open offer of Convertible Notes. More details regarding the Convertible Notes can be found in these circulars.

The Convertible Notes matured on 23 November 2024 and, in accordance with their terms, were not repaid in cash but were instead settled through the issuance of Conversion Shares. On 25 November 2024, the outstanding amount of Convertible Notes was HK\$60,394,376, and 243,661,670 new Conversion Shares, credited as fully paid, were issued.

BOARD DIVERSITY AND COMPLIANCE WITH LISTING RULES

Pursuant to Rule 13.92 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, a single-gender board does not meet the diversity requirement. Accordingly, issuers with a single-gender board are required to appoint at least one director of a different gender by no later than 31 December 2024.

To ensure compliance with the Listing Rules, the Company remains committed to identifying and appointing a suitable candidate to fill the required board position as soon as practicable. The selection process will be conducted with due diligence and in accordance with the relevant Listing Rules.

UPDATE ON THE STOCK EXCHANGE'S DECISION REGARDING LISTING RULE 13.24

On 15 November 2024, the Company received a letter from the Listing Division of the Stock Exchange (the "Listing Division") stating, among other things, that the Listing Division has determined the Company has failed to maintain a sufficient level of operations and assets of adequate value, as required under Listing Rule 13.24. As a result, trading in the Company's shares should be suspended under Listing Rule 6.01(3).

In an announcement dated 25 November 2024, the Company reported its decision not to apply for a review of this determination. Consequently, trading in the Company's shares on the Stock Exchange has been suspended since 27 November 2024 and will remain suspended until further notice.

Pursuant to Listing Rule 6.01A, the Company has 18 months from 27 November 2024 to take the necessary actions to demonstrate compliance with Listing Rule 13.24. If the Company fails to do so within this period, the Stock Exchange may cancel the listing of its shares.

The Company will issue further announcements as appropriate and in compliance with the Listing Rules.

AUDIT COMMITTEE

The interim results for the six months ended 31 December 2024 has not been audited by the Group's auditor, but the Audit Committee has reviewed with management the accounting principles and practices adopted by the Company, and discussed internal control and financial reporting matters including the review of the unaudited interim results for the six months ended 31 December 2024.

CORPORATE GOVERNANCE

During the period, the Company had complied with the relevant provisions set out in the Corporate Governance Code (the "Code") based on the principles set out in Appendix 14 to the Listing Rules, save for the following:

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

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

The Company will review the current bye-laws as and when it becomes appropriate in future.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is available for viewing on the website of the Stock Exchange and on the website of the Company at <https://www.paladin495.com>. The interim report of the Company will be despatched to the shareholders of the Company in due course.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 27 November 2024 and shall remain suspended until further notice.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By order of the Board
Paladin Limited
Oung Shih Hua, James
Chairman

Hong Kong, 27 February 2025

As at the date of this announcement, the board of directors of Paladin Limited comprises:

Oung Shih Hua, James (*Executive director*)
Chan Chi Ho (*Non-executive director*)
Yuen Chi Wah (*Non-executive director*)
Luo Rongxuan (*Independent non-executive director*)
Liu Man Kin Dickson (*Independent non-executive director*)
Au Chik Lam Alexander (*Independent non-executive director*)