



WINFULL GROUP
HOLDINGS LIMITED
宏輝集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)
Stock Code 股份代號: 00183



2022/23
Annual Report
年報

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Pong Wilson Wai San (*Chairman*)
Lee Wing Yin (*Chief Executive Officer*)

Non-Executive Director

Lai Hin Wing Henry

Independent Non-Executive Directors

Koo Fook Sun Louis
Lung Hung Cheuk
Yeung Wing Yan Wendy

COMPLIANCE OFFICER

Lee Wing Yin

COMPANY SECRETARY

Lee Wing Yin

AUDIT COMMITTEE

Koo Fook Sun Louis (*Chairman*)
Lung Hung Cheuk
Yeung Wing Yan Wendy

REMUNERATION COMMITTEE

Lung Hung Cheuk (*Chairman*)
Pong Wilson Wai San
Koo Fook Sun Louis
Yeung Wing Yan Wendy

NOMINATION COMMITTEE

Yeung Wing Yan Wendy (*Chairwoman*)
Pong Wilson Wai San
Koo Fook Sun Louis
Lung Hung Cheuk

SUSTAINABILITY COMMITTEE

Lee Wing Yin (*Chairman*)
Pong Wilson Wai San
Lai Hin Wing Henry
Koo Fook Sun Louis
Yeung Wing Yan Wendy
Lung Hung Cheuk

AUTHORISED REPRESENTATIVES

Pong Wilson Wai San
Lee Wing Yin

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit A, 6/F.
9 Queen's Road Central
Hong Kong

COMPANY HOMEPAGE

www.winfullgroup.hk

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

STOCK CODE

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CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of Winfull Group Holdings Limited (the "Company"), we hereby present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2023 (the "Year") and are pleased to provide an update on our business developments in the Year.

MARKET OVERVIEW

The Hong Kong economy continued to recover in Year 2023, though the momentum softened, with the real GDP grew.

Although the residential property market showed some revival on entering the fourth quarter along with the moderation of the local epidemic, market sentiment turned more cautious as the US Fed and many major central banks stepped up the tightening of monetary policy and the global economic outlook worsened. Flat prices showed little change and the overall flat rentals remained virtually unchanged. The commercial and industrial property markets also stayed generally lacklustre in the fourth quarter. Trading activities rebounded from the low levels in the second half of the Year, but remained largely subdued. Prices and rentals of office space softened further, while those of retail shop space and flatted factory space stabilized.

FINANCIAL OVERVIEW

For the Year, the Group recorded a turnover of approximately HK\$38,029,000, representing an increase of approximately 14.0% compared with that of approximately HK\$33,353,000 for the last financial year. The increase in turnover was mainly attributed to the increase in turnover from property development business for the Year.

Loss before income tax of the Group for the Year was approximately HK\$69,352,000, representing a decrease of approximately 51.7% comparing with that of approximately HK\$143,517,000 for the last financial year. The loss for the Year was mainly attributable to fair value loss on financial instruments.

PROSPECTS AND APPRECIATION

Looking forward, the global economy continues to recover and adapt the post-pandemic era. The external environment remained difficult for this financial year. The soaring inflation and on-going geopolitical tension are still the biggest threats to the world economy for now. While the impact of soaring inflation has yet to be finished, global economic activities are expected to remain subdued in the short to medium term. This, together with intensified Sino-US tensions, continued tension in Ukraine, increased trade protectionism and continued geopolitical risks, will pose further challenges and uncertainties to economic recovery. Despite the uncertainties in Hong Kong and global economy, we expect the local economy to gradually stabilise once the epidemic ends and Hong Kong will remain relevant and vital in its own right and as part of China, given the mature and healthy nature of Hong Kong's investment environment combined with the potential opportunities for Hong Kong to capitalise on its competitive advantages in the Greater Bay Area. The Group maintains a cautiously optimistic view on the property market and we are confident that we will be able to tackle the diverse challenges ahead.

The Group will continue to adopt a prudent approach on acquiring and disposing properties. In addition, the Group will continue to look for potential investment properties and development projects for recurring income and capital appreciation, at the same time expanding its securities investment and trading business and loan financing business for the growth of its stable recurring income. These strategies are intended to enable the Group to maintain its competitiveness thereby ensuring the Group's sustainability and securing the Shareholders' benefits.

Finally, on behalf of the Board, I would like to take this opportunity to express my appreciation to the Shareholders for their support, to the management and staff for their dedicated efforts to the Group, to my fellow board members for their work and advises and to our clients, consultants and partners for all their valuable assistance offered during this past year.

Pong Wilson Wai San

Chairman

Hong Kong

26 September 2023

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is principally engaged in investment, trading and development of properties and securities investment and trading.

During the Year, the Group was engaged in one property development project in the United Kingdom (the "UK"). The Group also has ten investment properties, which are commercial, industrial properties and residential properties located in Hong Kong, the UK and Japan, and two trading properties, which are commercial properties in Hong Kong.

The Hong Kong economy continued to recover in Year 2023, though the momentum softened, with the real GDP grew by 1.5% year-on-year.

The external environment remained difficult in the last quarter of the Year. Central banks in the US and Europe continued to tighten monetary policies to tame inflation, posing further drag on demand. Meanwhile, the Mainland economy continued to recover though the momentum showed some moderation. The Government continued to strengthen Hong Kong's economic links with the Mainland and overseas economies. A Memorandum of Understanding was signed with Guangdong and Macao authorities on jointly promoting the development of standards in the Guangdong-Hong Kong-Macao Greater Bay Area.

The local stock market was under pressure in the last quarter of the Year. Dampened by concerns over the recovery momentum of the Mainland economy and expectations of further rate hikes by the United State Federal Reserve (the "US Fed").

Improved labour market conditions and the Government's various initiatives, such as the disbursement of consumption vouchers provided support. Overall investment spending in terms of gross domestic fixed capital formation saw a mild decline as business sentiment generally eased amid tightened financial conditions and the uncertain global growth outlook. Business sentiment generally eased in the past few months after improving in earlier quarters.

The residential property market showed some consolidation in the last quarter of the Year, after the rebound in the third quarter. Market sentiment turned cautious amid an uncertain global economic outlook, rising local interest rates and expectations of further rate hikes by the US Fed. Trading activities quietened visibly while flat prices retreated slightly during the quarter. The total number of sale and purchase agreements for residential property received by the Land Registry declined by 18% from last year. Overall flat prices recorded a 1% decline during the last quarter and the overall flat rentals also increased by 3%. The average rental yield for residential property edged up to 2.5% in June. The index of home purchase affordability rose further to 75% in the last quarter along with the significant increase in mortgage rates. Reflecting the Government's sustained efforts in raising land and flat supply, the total supply in the private sector in the coming three to four years would stay as a high level of 105,000 units as estimated at end-June 2023.

The non-residential property market largely held steady in the last quarter of the Year. While trading activities remained subdued, prices and rentals of different segments showed mixed performance. Prices of office space on average edged down by 1% during the last quarter, with the 4% increase in prices of Grade B office space more than offset by the respective 3% and 1% declines in prices of Grade A and Grade C office space. Overall office rentals were virtually unchanged in 2023. Within the total, rentals of Grade C office space edged up by 1%, while those of Grade A and Grade B office space both showed little changes. The average rental yields of Grade A, B and C office space were 2.6%, 2.6% and 3.1% respectively in June 2023. Transactions for office space is 12% lower than a year earlier and were considerably below the quarterly average in 2018 to 2022.

Overall prices and rentals of retail shop space both increased by 2% during the last quarter. The average rental yield remained unchanged at 2.7% in June, transaction declined by 39% lower than last year and visibly below the quarterly average in 2018 to 2022. Prices of flatted factory space also showed little change, while rentals increased slightly. Prices in June were 7% lower than the peak in 2019, while rentals were 2% higher than the peak in 2021. The average rental yield edged up to 3.1% in June. Transactions increased to 560 cases in the last quarter, with 10% lower than last year and were far below the quarterly average of 750 cases in 2018 to 2022.

FINANCIAL REVIEW

For the Year, the Group recorded a turnover of approximately HK\$38,029,000, representing an increase of approximately 14.0% compared with that of approximately HK\$33,353,000 for the last financial year. The increase in turnover was mainly attributed to the increase in turnover from property development business for the Year.

Loss before income tax of the Group for the Year was approximately HK\$69,352,000, representing a decrease of approximately 51.7% comparing with that of approximately HK\$143,517,000 for the last financial year. The loss for the Year was mainly attributable to fair value loss on financial instruments.

BUSINESS OVERVIEW

Property Development Business

During the Year, the Group is engaged in one property development project, which is located in Birmingham, the UK.

It is a property development project at 50 School Road, Moseley, Birmingham, the UK (the "UK Property Project"). The project has a site area of 15,800 square feet and it can be developed into a residential building with gross floor area of approximately 12,000 square feet. The acquisition of the land was completed on 26 October 2018 and the development planning has been completed in the last financial year. Because of COVID-19, the development has been delayed and was completed in November of 2021. A local agent has been appointed for selling and leasing of the apartments.

The cost of living, the rising local interest and increase in fuel and energy prices have had a knock-on effect on the housing market in Birmingham and the selling of our development project too. Ten units have been leased to independent third parties as at 30 June 2023, while only three units have been sold to independent third parties during the Year.

The Group considers that the UK Property Project provides a good opportunity for the Group to diversify its overall property portfolio and gain more experience in property development in the UK. The Group will continue to explore potential property development opportunities both in Hong Kong and overseas, to enhance the benefit of the shareholders of the Company (the "Shareholder(s)") while overcoming the challenges ahead.

Property Investment and Trading

As at 30 June 2023, the Group has eleven commercial, industrial and residential properties for investment and trading purposes, which are mainly in Hong Kong, one commercial property in Cardiff, the UK and two serviced apartments in Hokkaido, Japan, for investment purpose.

During the Year, the Group recorded a fair value loss on investment properties of approximately HK\$11,407,000 (2022: approximately HK\$110,502,000) and a write-down of properties held for trading of approximately HK\$282,000 (2022: approximately HK\$888,000). The fair value loss on investment properties is mainly due to the fair value loss on the commercial office properties at Kenning Industrial Building in Hong Kong and in Cardiff, the UK.

Whole floor of 9 Queen's Road Central

The property is located at the 6th Floor of 9 Queen's Road Central, Hong Kong. It is a commercial property with gross floor area of approximately 13,700 square feet. A portion of the property is currently used by the Group for its own office, while the remaining portion has been rented out to various independent third parties for rental income. The Group believes that the property can provide a stable income with the long-term appreciation in value.

As at 30 June 2023, a fair value gain for this investment property of approximately HK\$4,400,000 (2022: fair value loss of approximately HK\$67,100,000) has been recognised. The property is valued by market approach, where the comparison based on prices realised on the actual sales of comparable properties is made. The valuation methodologies of the property are the same as that of previous years.

BUSINESS OVERVIEW (cont'd)

Property Investment and Trading (cont'd)

Retail Shop Units at Grand Scholar, No. 419K Queen's Road West

The property is located at Grand Scholar, No. 419K Queen's Road West, Hong Kong. It consists of two shops, including shops on ground floor and on lower ground 1st floor. The property has a total gross floor area of approximately 10,300 square feet and has been leased to a church for a fixed term of three years. The Group believes that the property can provide a stable income for the Group.

Whole floor of Kenning Industrial Building at 19 Wang Hoi Road, Kowloon Bay

The property is located at 4th Floor of Kenning Industrial Building, No. 19 Wang Hoi Road, Kowloon Bay, Hong Kong in proximity to the Kowloon Bay MTR station. The property has a total gross floor area of approximately 16,500 square feet and all units of the property have been leased during the Year. The Group believes that the property can provide a stable income with long-term appreciation in value.

As at 30 June 2023, a fair value loss for this investment property of approximately HK\$7,700,000 (2022: fair value gain of approximately HK\$200,000) has been recognised. The property is also valued by market approach, where the comparison based on prices realised on the actual sales of comparable properties is made. The valuation methodologies of the property are the same as that of previous years.

Atlantic House in Cardiff, United Kingdom

The property is located in Cardiff, the UK with a total net floor area of approximately 41,000 square feet. The property consists of two office buildings. The east wing is currently leased to a local law firm for a term of fifteen years, which will be expired in 2026. The refurbishment of west wing was completed in January 2022 and it is designed for multi-let purpose. Due to the effect of COVID-19, the refurbishment has been delayed for about 6 months. A local agent has been appointed for leasing of the west wing and 30% of the floor area has been leased as at 30 June 2023.

During the Year, the Cardiff office market was driven by the smaller size bands in the market. Total vacancy rate for the market stood at approximately 14%. There are challenges with the location for some occupiers and the post covid environment and the requirements for typically smaller, better quality space have accentuating this with the strong preference being very central and close to transport links. The new refurbishment of Atlantic House can be a good offering and it stands behind this specification.

A fair value loss for this investment property of approximately HK\$6,230,000 (2022: approximately HK\$38,464,000) has been recognised as at 30 June 2023. This property is also valued by market approach, where a comparison based on prices realised on the actual sales of en-bloc office comparable in Cardiff is made, with due adjustments on micro factors, such as size, building age, location and transacted dates, and with reference to Financial Time Stock Exchange UK Office index. The valuation methodologies of the property are the same as that of previous years.

Cardiff is the principal office market within Wales and one of the major regional centres in the UK. The Group believes that it was a good opportunity for holding the property for long-term investment purpose and diversification of the property portfolio.

Office units and carpark space of Universal Trade Centre at 3 Arbuthnot Road

The 3 office units are located on 30th floor of Universal Trade Centre, No. 3 Arbuthnot Road, Central, Hong Kong. They have a total gross floor area of approximately 4,100 square feet. These three office units are now looking for new tenant.

Office unit of Arion Commercial Centre at 2-12 Queen's Road West

The property is located at Arion Commercial Centre at 2-12 Queen's Road West, Hong Kong and has a gross floor area of approximately 1,650 square feet. This office unit has been leased to a translation company, which is wholly owned by Mr. Pong Wilson Wai San ("Mr. Pong"), with monthly rent of HK\$40,000. The rent was determined after arm's length negotiation with reference to the monthly rental of other similar premises in the Hong Kong market and the professional valuation report.

BUSINESS OVERVIEW (cont'd)

Property Investment and Trading (cont'd)

Whole office floor of Far East Consortium Building at 121 Des Voeux Road Central

The property is a whole floor office unit located on 15th Floor of Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong, which is an office building in Central district, with a gross floor area of approximately 7,300 square feet. This property has been leased to a financial printing company which is wholly owned by Mr. Pong with monthly rent of HK\$233,000. The rent was determined after arm's length negotiation with reference to the monthly rental of other similar premises in the Hong Kong market and the professional valuation report. Further details of these transactions can be referred to our announcements on 31 August 2022 and 15 June 2023.

Roof of Block C of Sea View Estate, North Point

This property is located at the front portion of the roof of Sea View Estate in North Point, which is facing the South of Victoria Harbour in Hong Kong Island. The Group believes that it can be converted into an eye-catching rooftop advertising signage of approximately 300 square meters. The Group has engaged an advertising agent in looking for the signage.

Shops and signages at Lime Stardom, Tai Kok Tsui

Two retail shops and two signages were acquired by the Group for trading purpose. The shops are located on the ground floor at Lime Stardom, Tai Kok Tsui with outstanding feature, such as curtain wall design and high ceiling. Hotels and shopping malls are within the proximity, together with the upcoming redevelopment and residential projects in the neighborhood. Tai Kok Tsui will definitely become one of the new focuses of the city with high growth potential. In view of this, those properties are acquired for short-term trading purpose. The shops have been leased to independent third parties with acceptable yield.

Serviced Apartments in Hokkaido, Japan

Two serviced apartments in Niseko, Hokkaido, Japan, were acquired by the Group. One of the apartments is in Skye Niseko at Upper Hirafu village, while the other is in Hanazono. Both of them are brand new serviced apartments with ski-in ski-out access to ski resorts and full range of hotel services. They are managed by premier asset managers with expertise and experience in effectively managing hospitality and tourism in Niseko. Both apartments are benefited by increasing inbound tourism in Japan in the long run and garnering Japan and international interest for Niseko's ski resort. The Group believes that it is a good opportunity for investing in Japan real estate for long-term investment and diversification of the property portfolio.

The Group is optimistic about the prospect of the commercial, industrial and residential property market in Hong Kong, the UK and Japan in the long run. It considers that the properties represent a good investment opportunity and the Group will benefit from the long-term appreciation of the property prices.

During the Year, the segment of property investment and trading business recorded a total rental income of approximately HK\$23,679,000 (2022: approximately HK\$23,829,000), including revenue of approximately HK\$21,727,000 (2022: approximately HK\$21,844,000) and rental income in other income of approximately HK\$1,952,000 (2022: approximately HK\$1,985,000). This segment is expected to provide a significant and steady income source to the Group.

Securities Investment and Trading

The Group maintains a portfolio of stocks and other investments products which generate steady income with potential of capital appreciation. The Group has taken into account of the following criteria when determining whether to take up an investment and trading opportunity: (i) potential for return on investment in terms of capital appreciation and dividend payment for the targeted holding period; (ii) risks exposure in comparison with the Group's risk tolerance level at the prevailing time; and (iii) diversification of the existing investment portfolio.

BUSINESS OVERVIEW (cont'd)**Securities Investment and Trading** (cont'd)

During the Year, the Group recorded a net loss in fair value of the investments portfolio in this segment of approximately HK\$55,428,000 (2022: approximately HK\$46,542,000).

The Group reported a segment loss of approximately HK\$60,729,000 (2022: approximately HK\$32,264,000) during the Year. The Group received investment income from investment portfolio for this segment of approximately HK\$4,230,000 (2022: approximately HK\$10,771,000) during the Year. As at 30 June 2023, the carrying amount of the investments in this segment amounted to approximately HK\$471,798,000 (2022: approximately HK\$403,856,000). This value represents an investment portfolio comprising equity instruments, debt instruments, financial instruments and cryptocurrencies.

Under this segment, the business' significant investments held for investment and for trading as at 30 June 2023 were as below:

	Cost as at 30 June 2023 HK\$'000	Carrying amount as at 30 June 2023 HK\$'000	Gain/(loss) in fair value during the Year HK\$'000	Gain/(loss) on disposal during the Year HK\$'000	Dividends/ interests received during the Year HK\$'000
<i>NON-CURRENT</i>					
Financial instruments	457,195	350,571	(53,637)	–	771
Equity instruments	47,020	37,635	287	–	449
Debt instruments	75,469	74,243	(1,379)	(153)	2,526
Intangible assets	2,332	1,344	556	–	–
<i>CURRENT</i>					
Equity instruments	34	20	(6)	–	–
Debt instruments	18,997	7,985	(1,249)	203	484

Loan Financing

During the Year, the Group recorded an interest income from the loan financing business amounting to approximately HK\$3,526,000 (2022: approximately HK\$738,000), representing approximately 9.3% (2022: approximately 2.2%) of the total revenue of the Group. Profit derived from loan financing business was approximately HK\$1,265,000 for the Year (2022: approximately HK\$702,000). Both revenue and profit derived from loan financing business was increased for the Year since the loan receivables were increased during the Year.

The carrying amount of loan receivable for loan financing business as at 30 June 2023 was approximately HK\$33,507,000 (2022: approximately HK\$6,565,000) which is mainly secured by share mortgage and a deed of assignment of the borrower's commitment under a

mezzanine loan agreement with fair value of approximately HK\$27,213,000. For details of the transactions, please refer to the Company's announcements dated 3 May 2022 and 23 December 2022. The Group is not permitted to sell or repledge the collaterals, if any, in the absence of default by the borrowers. The largest borrower of the Group itself accounted for approximately 58% (2022: 84%) of the Group's loan receivable at 30 June 2023.

During the Year, the interest rate on the Group's fixed rate loan receivable was ranged from 3.33% to 20% (2022: ranged from of 3.33% to 20%) per annum. All loan receivables during the Year are fixed rate loans.

BUSINESS OVERVIEW (cont'd)

Loan Financing (cont'd)

The Group generally provided short-term to medium-term loan. For the new loans during the Year, they were with a term within 1.5 years (with an extension option for not longer than 2.25 years) and 3 years. The repayment terms and conditions are full repayment on final repayment date.

The target customer groups of the business are individuals and corporate entities that have short-term to medium-term funding needs and could provide sufficient collaterals for their borrowings. The Group's clientele is primarily acquired through business referrals and introductions from the Company's directors, senior management, business partners or clients.

The Group has credit policies, guidelines and procedures in place which cover key internal controls of a loan transaction including due diligence, credit appraisal, proper execution of documentations, continuous monitoring and collection and recovery. The due diligence procedures include conducting research on borrowers' background, evaluating its current business operations and financial conditions, market reputation and creditability, and conducting financial analysis and recoverability analysis. To minimise credit or investments risks, the Group will typically require guarantees, including collaterals with expected typically require guarantees, including collaterals with expected realised value exceeding the loan or investment amount, post-dated cheques, and/or personal guarantees and corporate guarantees.

After drawdown of loan, the loan agreement will be filed with the loan documents properly. The Group maintains regular contact with the borrowers and carries out periodical review to assess the recovery of the loan based on the business development, financial status, repayment ability including such as recent settlement record and any litigations and bankruptcy orders against borrowers. The Group will take all necessary legal actions against the relevant clients to follow up the settlement of the outstanding loans.

The Group performs impairment assessment under expected credit loss ("ECLs") model on loans receivable which are subject to impairment assessment under HKFRS 9 issued by Hong Kong Institute of Certified Public Accountants. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition. In particular, the following information is being considered when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the loans receivable's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the borrower;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the borrower's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the borrower; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environments of the borrower that results in a significant decrease in the borrower's ability to meet its debt obligations.

As at 30 June 2023, the loss allowance recognised in profit or loss amounted to HK\$2,248,000 (2022: Nil) in its loan financing business.

PROSPECTS

Looking forward, the global economy continues to recover and adapt the post-pandemic era. The external environment remained difficult for the Year. The soaring inflation and on-going geopolitical tension are still the biggest threats to the world economy for now. While the impact of soaring inflation has yet to be finished, global economic activities are expected to remain subdued in the short to medium term as containment measures are likely to continue for a while. This, together with intensified Sino-US tensions, continued tension in Ukraine, increased trade protectionism and continued geopolitical risks, will pose further challenges and uncertainties to economic recovery.

Despite the uncertainties in Hong Kong and global economy, we expect the local economy to gradually stabilise once the epidemic ends and Hong Kong will remain relevant and vital in its own right and as part of China, given the mature and healthy nature of Hong Kong's investment environment combined with the potential opportunities for Hong Kong to capitalise on its competitive advantages in the Greater Bay Area. The Group maintains a cautiously optimistic view on the property market and we are confident that we will be able to tackle the diverse challenges ahead.

The Group will continue to adopt a prudent approach on acquiring and disposing properties. In addition, the Group will continue to look for potential investment properties and development projects for recurring income and capital appreciation, at the same time expanding its securities investment and trading business and loan financing business for the growth of its stable recurring income. These strategies are intended to enable the Group to maintain its competitiveness thereby ensuring the Group's sustainability and securing the Shareholders' benefits.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2023, the Group had net current assets of approximately HK\$151,382,000 (2022: approximately HK\$238,398,000) including cash and bank balances of approximately HK\$139,260,000 (2022: approximately HK\$212,564,000).

The gearing ratio was approximately 10% as at 30 June 2023 (2022: approximately 11%). The gearing ratio is derived by dividing the total of borrowings by total assets. The gearing ratio remains stable for the Year when compared to 30 June 2022.

During the Year, the Group financed its operations with its own working capital and bank borrowings. As at 30 June 2023, the secured bank borrowings of the Group was approximately HK\$184,250,000 (2022: approximately HK\$220,632,000), in which approximately HK\$147,538,000 (2022: approximately HK\$183,681,000) are repayable within a period of not exceeding 5 years and approximately HK\$36,712,000 is repayable beyond 5 years (2022: approximately HK\$36,951,000), and there was no other borrowing as at 30 June 2023 (2022: Nil). The figures ignore the effect of repayment on demand clause and are based on the schedule repayment dates in bank loan agreement.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the period from 21 July 2022 to 18 November 2022, August Ally Limited (“August Ally”) (which is a wholly-owned subsidiary of the Company) has acquired from the open market the bonds in an aggregate principal of US\$1,500,000 (equivalent to approximately HK\$11,700,000) issued by HSBC Holdings plc at an aggregate consideration of approximately US\$1,512,000 (equivalent to approximately HK\$11,793,000).

On 18 November 2022, August Ally has acquired from the open market the bonds in an aggregate principal of US\$1,000,000 (equivalent to approximately HK\$7,800,000) issued by Standard Chartered PLC at an aggregate consideration of approximately US\$1,036,000 (equivalent to approximately HK\$8,081,000).

For details of the transactions, please refer to the Company’s announcements dated 21 November 2022.

On 8 February 2023, August Ally has acquired from the open market the bonds in an aggregate principal of HK\$20,000,000 issued by Henderson Land MTN Limited at an aggregate consideration of approximately HK\$19,957,000.

For details of the transaction, please refer to the Company’s announcement dated 9 February 2023.

On 13 February 2023, August Ally has acquired from the open market the bonds in an aggregate principal of US\$1,000,000 (equivalent to approximately HK\$7,800,000) issued by Lai Sun MTN Limited at an aggregate consideration of approximately US\$884,000 (equivalent to approximately HK\$6,895,000).

For details of the transaction, please refer to the Company’s announcement dated 13 February 2023.

On 28 April 2023, August Ally subscribed for wealth management product offered by Manulife (International) Limited, namely, the Manulife Wealth Management Product, in an aggregate subscription amount of USD1,840,000 (equivalent to approximately HK\$14,352,000).

For details of the transaction, please refer to the Company’s announcement dated 28 April 2023.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

(cont'd)

During the Year, those securities investments held by the Group are as follows:

	Cost as at 30 June 2023 HK\$'000	Carrying amount as at 30 June 2023 HK\$'000	Outstanding commitment as at 30 June 2023 HK\$'000	Total of carrying amount and commitment as at 30 June 2023 HK\$'000	Gain/(loss) in fair value during the Year HK\$'000	Gain/(loss) on disposal during the Year HK\$'000	Exchange difference during the Year HK\$'000	Dividends/ interests received/ receivable during the Year HK\$'000
<i>NON-CURRENT</i>								
Equity instruments at fair value through other comprehensive income								
Listed in Hong Kong	5,646	1,972	-	1,972	(1,712)	-	-	34
Listed outside Hong Kong	41,374	35,663	-	35,663	1,999	-	-	415
	47,020	37,635	-	37,635	287	-	-	449
Financial instruments at fair value through profit or loss								
Unlisted in Hong Kong	-	-	-	-	1,412	-	-	-
Unlisted outside Hong Kong	110,815	42,968	-	42,968	(44,703)	-	1,374	-
Unlisted investment funds	346,380	307,603	46,511	354,114	(8,934)	-	941	771
	457,195	350,571	46,511	397,082	(52,225)	-	2,315	771
Debt instruments at fair value through other comprehensive income								
Listed in Hong Kong	75,469	74,243	-	74,243	(1,379)	(153)	-	2,526
	579,684	462,449	46,511	508,960	(53,317)	(153)	2,315	3,746
<i>CURRENT</i>								
Equity instruments at fair value through profit or loss								
Listed in Hong Kong	17	-	-	-	(11)	-	-	-
Listed outside Hong Kong	17	20	-	20	5	-	-	-
	34	20	-	20	(6)	-	-	-
Debt instruments at fair value through other comprehensive income								
Listed in Hong Kong	18,997	7,985	-	7,985	(1,249)	203	-	484
Debt instruments at amortised costs Unlisted outside Hong Kong	-	-	-	-	-	-	-	307
	19,031	8,005	-	8,005	(1,255)	203	-	791
	598,715	470,454	46,511	516,965	(54,572)	50	2,315	4,537

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS *(cont'd)*

The total size of carrying amount and outstanding commitment for each of those investments as at 30 June 2023 represents approximately 0.0004% to 2.31% of the total assets of the Group as at 30 June 2023. The Group maintains a portfolio of equities, bonds and other investments products which generate steady income with potential of capital appreciation. The Group has taken into account of the following criteria when determining

whether to take up an investment and trading opportunity: (i) potential for return on investment in terms of capital appreciation and dividend payment for the targeted holding period; (ii) risks exposure in comparison with the Group's risk tolerance level at the prevailing time; and (iii) diversification of the existing investment portfolio.

Save for those disclosed above and in this report, there were no significant investment held, material acquisitions or disposals of subsidiaries and affiliated companies during the Year and there is no plan for material investments or capital assets as at the date of this report.

PLEDGE OF ASSETS

As at 30 June 2023, the leasehold properties and certain investment properties with carrying amount of approximately HK\$126,062,000 (2022: approximately HK\$128,856,000) and approximately HK\$415,173,000 (2022: approximately HK\$414,496,000) and bank deposits of approximately HK\$108,205,000 (2022: approximately HK\$164,480,000) were pledged to secure bank borrowings for the Group.

As at 30 June 2022, the financial instruments at FVTPL with carrying amount of approximately HK\$33,044,000 were pledged to secure bank borrowings for the Group.

CONTINGENT LIABILITIES

As at 30 June 2023, the Company has no contingent liabilities (2022: Nil).

LEASE AND CONTRACTED COMMITMENTS

As lessor

As at 30 June 2023, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	2023 HK\$'000	2022 HK\$'000
Within one year	20,126	18,994
In the second year	10,492	10,075
In the third year	4,575	4,084
In the fourth year	699	3,125
In the fifth year	921	279
Beyond five years	4,217	2,848
	41,030	39,405

The Group leases its properties under operating lease arrangements which run for an initial period of one to fifteen years (2022: one to fifteen years), with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. None of the leases include contingent rentals.

CAPITAL COMMITMENTS

	2023 HK\$'000	2022 HK\$'000
Contracted but not provided for:		
Financial instruments at FVTPL	46,511	57,007
Properties held for trading	–	21,250
	46,511	78,257

FOREIGN EXCHANGE EXPOSURE

The Group's income and expenditure during the Year were denominated in United States dollars (the "US\$"), British Pound (the "GBP"), Euro (the "EUR"), Japanese Yen (the "JPY") and Hong Kong Dollars ("HK\$"), and most of the assets and liabilities as at 30 June 2023 were denominated in US\$, GBP, EUR, JPY, Renminbi (the "RMB"), Australian dollars (the "AUD") and HK\$. Accordingly, the Board is of the view that, to a certain extent, the Group is exposed to foreign currency exchange risk. For the US\$ foreign exchange exposure, the Board believes the exposure is small as the exchange rate of US\$ to HK\$ is pegged. However, the Group is exposed to GBP, EUR, JPY, RMB and AUD foreign exchange exposure and fluctuation of exchange rates of GBP, EUR, JPY, RMB and AUD against HK\$ could affect the Group's results of operations. During the Year, foreign currency banking facilities for GBP, EUR, JPY and AUD were arranged for acquisition of properties and investments in these currencies to hedge for foreign exchange exposure.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

SEGMENT INFORMATION

The analysis of the principal activities and geographical locations of the operations of the Group are set out in Note 3 to this report.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group had 16 (2022: 17) employees, including the Directors. Total staff costs (including Directors' emoluments) were approximately HK\$17,977,000 for the Year as compared to approximately HK\$18,663,000 in last year. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and share option scheme.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Pong Wilson Wai San (“Mr. Pong”), aged 54, has been appointed as the chairman of the Company (the “Chairman”) and an executive Director with effect from 17 May 2016. Mr. Pong is also an authorised representative and a member of each of the remuneration committee, nomination committee and sustainability committee of the Company. Mr. Pong was a Director of the Company during the period from 23 March 2007 to 12 December 2011 and a consultant of the Group during the period from 12 December 2011 to 16 May 2016. Mr. Pong is also a director of various subsidiaries of the Company. Mr. Pong is the sole director and sole shareholder of Virtue Partner Group Limited, which is the substantial and controlling shareholder of the Company. Mr. Pong is responsible for the overall strategic planning and investment strategy of the Group. He holds a bachelor degree in Applied Science from the University of British Columbia. He held various positions in a number of charity organizations in Hong Kong and had held various senior management positions with various local and international securities houses and a multinational company.

Mr. Pong is the sole shareholder of several companies while Mr. Lee Wing Yin is a director of those companies.

Mr. Lee Wing Yin (“Mr. Lee”), aged 53, was appointed as the authorised representative and company secretary of the Company (the “Company Secretary”) on 23 March 2007, an executive Director on 1 June 2010, chief executive officer of the Company (the “CEO”) on 4 November 2011 and compliance officer of the Company on 12 December 2011. He is also the chairman of the sustainability committee of the Company. He is also a director of various subsidiaries and the associates of the Company. He is responsible for provision of advice for overall management, strategic development and supervision of the Group. Mr. Lee is an associate member of the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and a fellow member of The Association of Chartered Certified Accountants. He has over ten years of working experience in auditing and business advisory services and had worked for international accounting firms for six years. He held senior financial management positions with various local companies before joining the Company.

Mr. Lee is a director of several companies while Mr. Pong Wilson Wai San is the sole shareholder of those companies.

NON-EXECUTIVE DIRECTOR

Mr. Lai Hin Wing Henry (“Mr. Lai”), aged 66, was appointed as an independent non-executive Director on 23 March 2007 and re-designated as a non-executive Director on 12 December 2011. He is also a member of the sustainability committee of the Company. Mr. Lai is a partner, co-chairman of Messrs. P. C. Woo & Co., a firm of solicitors and notaries in Hong Kong, and has been practicing in the legal field for more than thirty years. Graduated from The University of Hong Kong with a bachelor of law degree, Mr. Lai was admitted as a solicitor in Hong Kong, England and Wales and the State of Victoria, Australia. Mr. Lai is a Notary Public and a China Appointed Attesting Officer in Hong Kong. He currently also serves as an independent non-executive director of China Resources Beer (Holdings) Company Limited (Stock code: 291) and ANTA Sports Products Limited (Stock code: 2020) and a non-executive director of China Medical & HealthCare Group Limited (Stock code: 383), companies whose shares are listed on the Main Board of the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Koo Fook Sun Louis (“Mr. Koo”), aged 67, was appointed as an independent non-executive Director on 23 March 2007. He is also the chairman of the audit committee and a member of the remuneration committee, nomination committee and sustainability committee of the Company. Mr. Koo has many years of experience in investment banking and professional accounting. He was a managing director and head of the corporate finance department of a major international bank. Mr. Koo graduated with a bachelor’s degree in business administration from the University of California at Berkeley. He currently serves as an independent non-executive director of another two companies whose shares are listed on the Main Board of the Stock Exchange, namely Li Ning Company Limited (Stock code: 2331) and Xingda International Holdings Limited (Stock code: 1899). He was an independent non-executive director of Good Friend International Holdings Inc. (Stock code: 2398), a company whose shares are listed on the Main Board of the Stock Exchange, from the period from 14 December 2005 to 14 December 2021.

Mr. Lung Hung Cheuk (“Mr. Lung”), aged 76, was appointed as an independent non-executive Director on 23 March 2007. He is also the chairman of the remuneration committee, a member of the nomination committee, audit committee and sustainability committee of the Company. Mr. Lung is a retired chief superintendent of the Hong Kong Police Force (the “Hong Kong Police”) of Hong Kong. He joined the Hong Kong Police in 1966 as a Probationary Inspector at the age of 19. He was promoted to the rank of chief inspector in 1980, superintendent in 1986, senior superintendent in 1993 and chief superintendent in 1997. He had served in various police posts, namely Special Branch, Police Tactical Unit, Police Public Relations Bureau and in a number of police divisions at management level. Prior to his retirement in April 2002, he was the commander of Sham Shui Po Police District. Mr. Lung was also the secretary and then the chairman of the Superintendents’ Association (“SPA”) of the Hong Kong Police from 1993 to 2001. The membership of the SPA comprises the top management of the Hong Kong Police from superintendents up to and including the commissioner of Hong Kong Police. He was awarded the Police Meritorious Service Medal by the Chief Executive of Hong Kong in 2000. Mr. Lung is the independent non-executive director of Sityo Group Holdings Limited (Stock code: 1023), the shares of which are listed on the Main Board of the Stock Exchange.

Ms. Yeung Wing Yan Wendy (“Ms. Yeung”), aged 61, was appointed as an independent non-executive Director on 12 December 2011. She is also the chairwoman of the nomination committee, a member of the audit committee, remuneration committee and sustainability committee of the Company. She holds a master’s degree in laws (Human Rights) of the Faculty of Law from The University of Hong Kong, a master’s degree in Juris Doctor of The Faculty of Law from The Chinese University of Hong Kong and a bachelor’s degree in Business Administration from the University of Hawaii at Manoa, Honolulu, Hawaii. Ms. Yeung is a practising barrister in Hong Kong. She has over 20 years of experience in corporate and financial communications. Ms. Yeung was the founder and managing director of Occasions Corporate & Financial Communication Limited from 1993 to 2007 and a managing director of Financial Dynamics International Limited from 2007 to 2010.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in part 2 of the Corporate Governance Code to the Appendix 14 (the “CG Code”) to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The Company has complied with all CG Code during the Year.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of the CG Code specifies that the roles of chairman and chief executive officer (chief executive for the CG Code) should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer (chief executive for the CG Code) should be clearly established and set out in writing. During the Year, the roles of the chairman and chief executive officer of the Company are separate and exercised by Mr. Pong Wilson Wai San and Mr. Lee Wing Yin, respectively.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by Directors throughout the Year.

BOARD OF DIRECTORS AND BOARD MEETING

The members of the Board for the Year were:

Executive Directors

Pong Wilson Wai San (*Chairman*)
Lee Wing Yin (*Chief Executive Officer*)

Non-executive Director

Lai Hin Wing Henry

Independent Non-executive Directors

Koo Fook Sun Louis
Lung Hung Cheuk
Yeung Wing Yan Wendy

The Board is responsible for the Group’s corporate policy formulation, business strategies planning, business development, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the Board to the management include the preparation of annual and interim accounts for Board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

Each of the Directors’ biographical information is set out on pages 15 to 16 of this report. All executive Directors have given sufficient time and attention to the affairs of the Group and each of them has sufficient experience to hold the position so as to carry out his duties effectively and efficiently. Save as disclosed in this report, there is no relationship among the members of the Board.

BOARD OF DIRECTORS AND BOARD MEETING

(cont'd)

The Company has appointed three independent non-executive Directors who have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of Shareholders. At least one of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise. Each of them, namely Mr. Koo, Mr. Lung and Ms. Yeung, has signed a letter of appointment with the Company for a term of one year, of which Mr. Koo's and Mr. Lung's terms are commencing from 23 March 2023 and expiring on 22 March 2024 while Ms. Yeung's term is commencing from 12 December 2022 and expiring on 11 December 2023.

Mr. Lai, the non-executive Director, has signed a letter of appointment with the Company for a term of one year commencing from 12 December 2022 and expiring on 11 December 2023.

Mr. Pong, the executive Director, has entered into a service agreement with the Company for an initial term of 36 months commencing from 17 May 2022, or terminated by not less than three months' notice in writing served by either party at any time thereafter. Mr. Pong is entitled to Director's emolument of HK\$570,000 per month plus discretionary bonus to be decided by the Board at its sole discretion, which is determined by reference to the prevailing market conditions and his roles, experience and responsibilities in the Company.

Mr. Lee, the executive Director, has entered into a service agreement with the Company for a term of 36 months commencing from 1 June 2022, or terminated by not less than three months' notice in writing served by either party at any time thereafter. Mr. Lee is entitled to a Director's emolument of HK\$114,000 per month plus discretionary bonus to be decided by the Board at its sole discretion, which is determined by reference to the prevailing market conditions and his roles, experience and responsibilities in the Company.

In accordance with article 87(1) of the articles of association of the Company, all Directors (including executive Directors, non-executive Director and independent non-executive Directors) are subject to retirement by rotation at least once every three years. Mr. Lee and Mr. Koo shall retire from office as Directors by rotation at the forthcoming annual general meeting of the Company (the "AGM"), and being eligible, offer themselves for re-election at the AGM.

Pursuant to the requirements of the Rule 3.13 of the Listing Rules, the Company has received from each of the independent non-executive Directors the written confirmation of his/her independence. Based on such confirmations of independence, the Company considers all of the independent non-executive Directors to be independent.

The Board met 4 times as meetings and held 1 general meeting during the Year.

BOARD OF DIRECTORS AND BOARD MEETING (cont'd)

Details of the attendance of the meetings of the Board are as follows:

	Attendance/ Number of General Meeting entitled to attend	Attendance/ Number of Board Meetings entitled to attend
Executive Directors		
Pong Wilson Wai San	1/1	4/4
Lee Wing Yin	1/1	4/4
Non-executive Director		
Lai Hin Wing Henry	1/1	4/4
Independent Non-executive Directors		
Koo Fook Sun Louis	1/1	4/4
Lung Hung Cheuk	1/1	4/4
Yeung Wing Yan Wendy	1/1	4/4

During the Year, the management provided all members of the Board with monthly updates in accordance with the code provision D.1.2 of the CG Code.

Continuing Professional Development

According to the code provision C.1.4 of the CG Code, all directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange and/or introduce some Director's training courses for the Directors to develop and explore their knowledge and skills.

The Directors confirmed that they have complied with the code provision C.1.4 of the CG Code on the Directors' training.

During the Year, all Directors have participated in continuous professional development by attending seminars or reading materials on the following topics to develop and refresh their knowledge and skills and provided a record of training to the Company.

BOARD OF DIRECTORS AND BOARD MEETING (cont'd)

Directors	Topic on training covered (Notes)
Executive Directors	
Pong Wilson Wai San	(a),(b)
Lee Wing Yin	(a),(b),(c)
Non-executive Director	
Lai Hin Wing Henry	(a),(b)
Independent Non-executive Directors	
Koo Fook Sun Louis	(a),(b)
Lung Hung Cheuk	(a)
Yeung Wing Yan Wendy	(a),(b)

Notes:

- (a) Corporate governance
- (b) Regulatory
- (c) Finance/Accounting

Directors' and Officers' Liabilities

The Company has arranged for appropriate insurance covering the liabilities of the Directors that may arise out of the corporate activities, which has been complied with the CG Code. The insurance coverage is revised on an annual basis.

REMUNERATION COMMITTEE

According to the Listing Rules, the Company has to set up a remuneration committee comprising a majority of independent non-executive Directors. The remuneration committee of the Company (the "Remuneration Committee") was established on 23 March 2007 with the latest written terms of reference adopted on 25 November 2022. As at the date of this report, the Remuneration Committee consists of four members, of which Mr. Pong

is executive Director and the other three members are independent non-executive Directors, namely Mr. Koo, Mr. Lung and Ms. Yeung, which schedules to meet at least once a year. The chairman of the Remuneration Committee is Mr. Lung and the quorum necessary for the transaction of business is two.

The latest terms of reference of the Remuneration Committee are posted on the websites of the Stock Exchange and the Company.

The roles and functions of the Remuneration Committee include to make recommendation to the Board on the remuneration packages of individual executive Directors, which include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on the remuneration of non-executive Directors.

The Remuneration Committee held 2 meetings during the Year to review the remuneration packages of all the Directors and senior management of the Company.

REMUNERATION COMMITTEE (cont'd)

Details of the attendance of the meetings of the Remuneration Committee are as follows:

Members	Attendance
Lung Hung Cheuk (<i>Committee Chairman</i>)	2/2
Pong Wilson Wai San	2/2
Koo Fook Sun Louis	2/2
Yeung Wing Yan Wendy	2/2

REMUNERATION POLICY

The remuneration policy of the Company (the "Remuneration Policy") aims to provide remuneration levels which shall be sufficient to motivate, attract and retain Directors and the senior management to maximise shareholder value, through a set of formal and transparent procedures.

Under the Remuneration Policy, the Directors and the senior management or their associates shall not be involved in deciding their own remuneration.

The following principles have been established for the remuneration of the executive Directors:

- (a) executive Directors' salaries shall be reviewed annually by the Remuneration Committee;
- (b) revision to the executive Directors' salaries shall be made to reflect the performance, contribution and responsibilities of each executive Director and/or by reference to market trends; and
- (c) executive Directors shall be eligible to receive a discretionary bonus taking into consideration factors such as market conditions as well as corporate and individual performances.

The following principle has been established for the fees of the non-executive Directors:

- (a) the non-executive Directors' fees shall be reviewed annually by the Board.

The following principles have been established for the remuneration of the senior management of the Company:

- (a) senior management's salaries shall be received and noted annually by the Remuneration Committee;
- (b) revision to the senior management's salaries shall be made to reflect the performance, contribution and responsibilities of each senior management and/or by reference to market trends; and
- (c) senior management shall be eligible to receive a discretionary bonus, guaranteed bonus and/or stock options taking into consideration factors such as market conditions as well as corporate and individual performances.

The Board will disclose the Remuneration Policy, details of the Directors' emoluments and other remuneration related matters in the annual report of the Company. The Remuneration Committee is responsible for monitoring and regular review of the Remuneration Policy to ensure its relevance and effectiveness. Any subsequent amendment of the Remuneration Policy shall be reviewed by the Remuneration Committee and approved by the Board.

NOMINATION COMMITTEE

According to the Listing Rules, the Company has to set up a nomination committee comprising a majority of independent non-executive Directors. The nomination committee of the Company (the "Nomination Committee") was established on 12 November 2007 with the latest written terms of reference adopted on 30 March 2012. As at the date of this report, the Nomination Committee consists of four members, of which Mr. Pong is executive Director and the other three members are independent non-executive Directors, namely Mr. Koo, Mr. Lung and Ms. Yeung, which schedules to meet at least once a year. The chairwoman of the Nomination Committee is Ms. Yeung and the quorum necessary for the transaction of business is two.

The latest terms of reference of the Nomination Committee are posted on the websites of both the Stock Exchange and the Company.

The roles and functions of the Nomination Committee include nomination of the potential candidates for directorship, reviewing the nomination of the Directors, making recommendations to the Board for ensuring that all nominations are fair and transparent, reviewing and

monitoring the implementation of the policy of diversity of the Board (the "Board Diversity Policy").

The Nomination Committee formulated the Board Diversity Policy. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In designing the Board's composition, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The Board will take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity. The Board also aspires to having an appropriate proportion of directors who have direct experience in the Group's core markets, with different ethnic backgrounds, and reflecting the Group's strategy.

The composition of the Board from diversified angles up to the date of this report is summarised as follows:

		No. of Directors
Gender:	Male	5
	Female	1
Ethnicity:	Chinese	6
Age Group:	51-60	2
	≥61	4
Length of Service (year):	1-10	1
	≥11	5

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

- (A) at least one-third of the members of the Board shall be independent non-executive Directors;
- (B) at least three of the members of the Board shall be independent non-executive Directors; and

- (C) at least one of the members of the Board shall have obtained accounting or other professional qualifications.

The Board has achieved the measurable objectives under Board Diversity Policy for the Year.

NOMINATION COMMITTEE (cont'd)

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee also monitors the implementation of the Board Diversity Policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under the Board Diversity Policy.

The Board was satisfied with the implementation and effectiveness of the Board Diversity Policy for the Year.

As at the date of this report, the Board comprises five male Directors and one female Director. The Nomination Committee considered that the Board had achieved gender diversity and possessed skill and expertise and a diverse mix appropriate for the business of the Company and will review the composition and diversity of the Board annually to ensure its continued effectiveness.

Measures to develop a pipeline of potential successors to achieve gender diversity:

- The Board will identify potential successors internally, having regard to the industry expertise, leadership skills, decision making capabilities, communication skills and professional qualification of the staff.
- The Board will also consider outside sources such as head hunter and referral.

The details of workforce composition were disclosed under Environmental, Social and Governance Report in this report.

The Board is not aware of any factors or circumstances which make achieving gender diversity across the workforce (including senior management) of the Group more challenging or less relevant.

The Nomination Committee held 2 meetings during the Year to review the structure, size and composition of the Board, assess the independence of independent non-executive Directors, make recommendations to the Board relating to the renewal services of non-executive Director and independent non-executive Directors and to review the Board Diversity Policy. Details of the attendance of the meetings of the Nomination Committee are as follows:

Members	Attendance
Yeung Wing Yan Wendy (Committee Chairwoman)	2/2
Pong Wilson Wai San	2/2
Koo Fook Sun Louis	2/2
Lung Hung Cheuk	2/2

NOMINATION POLICY
Policy Statement

The nomination policy of the Company (the "Nomination Policy") sets out the key selection criteria and nomination procedures for selection of board members to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

When making recommendations regarding the nomination of a candidate to the Board, election, re-election, re-designation or re-appointment of any existing member(s) of the Board for consideration, the Nomination Committee should refer to the Nomination Policy, the Board Diversity Policy and the terms of reference of the Nomination Committee for guidance.

NOMINATION POLICY (cont'd)

Selection Criteria

In identifying a candidate to become a Board member, the Nomination Committee will take into consideration of the following factors:

- the perspective, skills and experience that the candidate can bring to the Board;
- the merit and contribution which the candidate is expected to bring to the Board;
- the accomplishment and experience of the candidate in relation to similar nature of business of the Company;
- the expected commitment of time of the candidate;
- how the candidate contributes to diversity of the Board;
- a number of aspects of the Board diversity as stated in the Board Diversity Policy, including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of services of the candidate; and
- any other factors that the Board deems relevant.

The Nomination Committee has the discretion to nominate any candidate, as it considers appropriate, for the Board's consideration and approval.

A candidate to be nominated as an independent non-executive Director must meet the mandatory qualification requirements as set out in the Listing Rules from time to time.

Nomination Procedures

A meeting of the Nomination Committee will be convened or a written resolution of the Nomination Committee will be circulated to Nomination Committee members to consider the candidate(s) to be nominated before a meeting of the Board to be held or a written resolution of the Board to be circulated to Board members to approve the appointment, re-designation, election or re-election of the candidate(s) as Board member(s).

Each proposed new appointment, re-designation, election or re-election of a director of the Company will be evaluated, assessed and/or considered against the factors as stated above. The Nomination Committee will recommend its views to the Board and/or the shareholders of the Company for consideration and determination.

The ultimate decision of appointment, re-designation, election or re-election will be made by the Board after consideration of the recommendation made by the Nomination Committee.

Reporting

The Nomination Committee will disclose the Nomination Policy annually, in the Corporate Governance Report of the Company's Annual Report.

Review of the Nomination Policy

The Nomination Committee is responsible for the monitoring and regular review of the Nomination Policy to ensure its relevance and effectiveness. Any subsequent amendment of the Nomination Policy shall be reviewed by the Nomination Committee and approved by the Board.

AUDITOR'S REMUNERATION

The Company has appointed BDO Limited as the auditor of the Company (the "Auditor"). The Board is authorised at the annual general meeting to determine the remuneration of the Auditor. During the Year, the Auditor performed the work of statutory audit for the Year and the remuneration of the Auditor for the Year is approximately HK\$640,000. Non-audit service which related to the review of continuing connected transactions was provided by the Auditor for the Year and the service fee for the Year is approximately HK\$30,000.

AUDIT COMMITTEE

According to the Listing Rules, the Company has to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The audit committee of the Company (the "Audit Committee") was established on 2 May 2002 with the latest written terms of reference effective on 1 January 2019. During the Year, the Audit Committee was chaired by Mr. Koo and as at the date of this report, all Audit Committee members are independent non-executive Directors, namely Mr. Koo, Mr. Lung and Ms. Yeung.

The latest terms of reference of the Audit Committee are posted on the websites of the Stock Exchange and the Company.

The primary duties of the Audit Committee are to review and supervise the financial control, risk management and internal control systems of the Group and provide advice and comment on the Company's draft annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports to Directors.

The Audit Committee held 4 meetings during the Year and performed the following works:

1. Financial Reporting

- reviewed the audited consolidated financial statements for the year ended 30 June 2022 in conjunction with the external auditor and the unaudited financial statements for 3 months ended 30 September 2022, 6 months ended 31 December 2022 and 9 months ended 31 March 2023;
- reviewed the accounting principles and practices adopted by the Group;
- reviewed the auditing and financial reporting matters, including the key audit matters of the consolidated financial statements for the year ended 30 June 2022 which are set out in the annual report of the Company for the year ended 30 June 2022;
- reviewed the audit planning for the Year in conjunction with the external auditor;

2. External Auditor

- reviewed and approved the remuneration of external auditors of the Company for the Year;
- reviewed the re-appointment of external auditor of the Company and was satisfied with its work, its independence, and its objectivity, and therefore recommended the re-appointment of BDO Limited (which had indicated its willingness to continue in office) as the Group's external auditor for Shareholders' approval in the 2022 annual general meeting;

3. Internal Audit

- reviewed the necessity for setting up internal audit function;

4. Risk Management and Internal Controls

- reviewed the risk management policy and internal control report; and
- reviewed the effectiveness of risk management and internal control systems.

AUDIT COMMITTEE *(cont'd)*

During the Year, the Audit Committee met the Company's auditor two times. Details of the attendance of the meetings of the Audit Committee are as follows:

Members	Attendance
Koo Fook Sun Louis (<i>Committee Chairman</i>)	4/4
Lung Hung Cheuk	4/4
Yeung Wing Yan Wendy	4/4

The Group's unaudited consolidated quarterly, interim results and audited consolidated annual results for the Year have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made. The Audit Committee has also reviewed the audited consolidated financial statements for the Year.

SUSTAINABILITY COMMITTEE

The sustainability committee of the Company (the "Sustainability Committee") was established on 9 June 2023. As at the date of this report, the Sustainability Committee consists of six members, of which Mr. Pong and Mr. Lee are executive Directors, Mr. Lai is non-executive Director and the other three members are independent non-executive Directors, namely Mr. Koo, Mr. Lung and Ms. Yeung, which schedules to meet at least once a year. The chairman of the Sustainability Committee is Mr. Lee and the quorum necessary for the transaction of business is two.

The latest terms of reference of the Sustainability Committee are posted on the websites of the Stock Exchange and the Company.

The roles and functions of the Sustainability Committee include to (i) review, endorse and report to the Board the Group's corporate responsibility and sustainability plans, strategies, priorities, policies, practices and frameworks; (ii) oversee, review and evaluate the adequacy and effectiveness of resources, processes, and actions taken by the Group based on its corporate responsibility and sustainability plans, strategies, priorities, policies and frameworks, and recommend improvements; and the Group's performance against the appropriate international or national standard (if any) on sustainability; (iii) recommend strategies for improvements in the sustainability performance of the Group; (iv) assess and manage material corporate responsibility and sustainability issues and related risks; (v) integrate the corporate responsibility and sustainability related risks into the Group's existing risk management and internal control framework and report to the Board on related risks and issues; (vi) oversee the execution of the Group's initiatives on corporate responsibility and sustainability development; (vii) monitor and review existing and/or emerging issues, trends and investments related to corporate responsibility and sustainability of the Group; (viii) consider the impact of the Group's corporate responsibility and sustainability on its stakeholders, including employees, shareholders, local communities and the environment; (ix) review and oversee the implementation of the Group's corporate responsibility and sustainability policies and practices to ensure they remain relevant and compliant with legal and regulatory requirements (including, but not limited to, the relevant Hong Kong Stock Exchange Environmental, Social and Governance Reporting Guide and the Listing Rules); and (x) review and provide recommendations to the Board for approval of the annual corporate responsibility/sustainability report and relevant disclosures in the Company's annual report.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The Directors acknowledge their responsibility for the preparation of the financial statements of the Group. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made.

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

The Auditor's responsibilities are set out in the Independent Auditor's Report.

CORPORATE GOVERNANCE FUNCTIONS

According to code provision A.2 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company in accordance with the written terms of reference adopted by the Board on 30 March 2012. The Board has the following duties and responsibilities for performing the corporate governance duties of the Company:

- to develop and review the Group's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Group's compliance with the corporate governance code as set out in the Listing Rules and disclosure in the corporate governance report in annual report of the Company.

During the Year, the Board held 2 meetings to review the policies and practices of the Company relating to the CG Code. Details of the attendance of the related meetings of the Board are as follows:

	Attendance
Executive Directors	
Pong Wilson Wai San	2/2
Lee Wing Yin	2/2
Non-executive Director	
Lai Hin Wing Henry	2/2
Independent Non-executive Directors	
Koo Fook Sun Louis	2/2
Lung Hung Cheuk	2/2
Yeung Wing Yan Wendy	2/2

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has responsibility for maintaining appropriate and effective risk management and internal control systems of the Group and reviewing its effectiveness through the Audit Committee by evaluating and determining the nature and extent of the risks which is willing to take in achieving the Group's strategic objectives. The Board is also responsible for overseeing the design, implementation and monitoring of the risk management and internal control systems. The risk management and internal control systems are designed to provide reasonable assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operating systems or in achievement of the Group's business objectives.

The Board, through the Audit Committee, conducts a review of the effectiveness of the Group's risk management and internal control systems by requiring all management to carry out self-risk assessment process using a common risk management framework semi-annually. It covers all material controls, including financial, operational and compliance controls, on an annual basis. It also considers the adequacy of resources and staff qualifications and experience of the Group's accounting and financial reporting function.

Under the enterprise risk management framework, policies and procedures are in place to identify, assess, manage, control and report risks. Such risks include strategic, operational (administrative system, project and lease management, contract and construction management, information technology security), market, reporting and compliance risks. Exposure to these risks is continuously monitored by the Board through the Audit Committee.

The internal control system includes a defined management structure with specified limits of authority. The Board has clearly defined the authorities and key responsibilities of each division to ensure adequate checks and balances. The internal control system has been designed to safeguard the Group's assets against unauthorised use or disposition, to ensure the maintenance of proper accounting records for producing reliable financial information, and to ensure compliance with applicable laws, regulations and industry standard.

The Group does not have an internal audit function. During the Year, the Board has reviewed the effectiveness of the internal control system of the Group and there were no major issues but areas for improvement have been identified by the Audit Committee and appropriate measures taken. In addition, the Board is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. The situation will be reviewed from time to time.

After the review on the risk management and internal control systems, the management provided an action plan so as to mitigate those identified deficiencies in a timely manner. All internal control findings would be followed up closely to ensure that the action plan is implemented accordingly.

During the Year, the Board was satisfied with the Group's risk management and internal control processes are adequate to meet the need of the Group in its current business environment and that nothing has come to its attention to cause the Board to believe the Group's risk management and internal control systems are inadequate. Moreover, the existing risk management and internal control systems are effective and adequate, and will continue to be reviewed, added on or updated to provide for change in the operating environment.

The Company has adopted a policy setting out guidelines to the directors, officers and all relevant employees of the Group to ensure inside information of the Company is to be disseminated to the public in a timely manner in accordance with the applicable laws and regulations, including but not limited to the Listing Rules and the Inside Information Provisions in Part XIVA of Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong).

Director(s), officer(s) or employee(s) who become aware of any non-public price-sensitive information having been divulged, that may fall into the category of inside information as defined in the policy, should immediately report to the chief executive officer/company secretary of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

The Company must disclose inside information (unless falling within one of the safe harbours under Part XIVA of SFO) to the public as soon as reasonably practicable in accordance with the requirements of the Listing Rules and Part XIVA of SFO. The Board, officers and/or employees of the Company shall take reasonable precautions for preserving the confidentiality of inside information before publication of the relevant announcement (if applicable). All inside information must be treated strictly confidential. Disclosure must be made in a manner that provides the public with an equal, timely and effective access to the information, such as through the electronic publication system operated by the Stock Exchange.

FINANCIAL REPORTING

The Directors acknowledge their responsibilities for keeping proper accounting records and preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the profit and loss for the year. In preparing the financial statements, the Directors have adopted all applicable Hong Kong Financial Reporting Standards in all material respects, selected appropriate accounting policies and then applied them consistently, made judgements and estimates that are fair and reasonable. The Directors use the going concern basis in preparing the financial statements unless this is inappropriate.

The Company recognises that a clear, balanced and timely presentation of financial report is crucial in maintaining the confidence of stakeholders. Reasonable disclosure of Company's financial position and prospects are provided in the report. Annual and interim results are published within three and two months after the end of the relevant financial periods respectively.

A statement of the Company's external auditor about its reporting responsibilities is included in the Independent Auditor's Report on pages 58 to 63 of this report.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHT

The Company values communication with the Shareholders and investors. The Company uses two-way communication channels to account to Shareholders and investors for the performance of the Company. Enquiries and suggestions from Shareholders or investors are welcomed, and enquires from Shareholders may be put to the Board through the following channels to the Company Secretary:

1. By mail to the Company's principal place of business at Unit A, 6/F., 9 Queen's Road Central, Hong Kong;
2. By telephone at telephone number (852) 3183 0727;
3. By fax at fax number (852) 2111 9303; or
4. By email at inquiry@winfullgroup.hk.

The Company uses a number of formal communication channels to account to Shareholders and investors for the performance of the Company. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchange views with the Board; (iii) updated and key information of the Group available on the websites of the Stock Exchange and the Company; (iv) the Company's website offering communication channel between the Company and its Shareholders and investors; and (v) the Company's share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear, detailed, timely manner and on a regular basis information of the Group to Shareholders through the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHT *(cont'd)*

The Company strives to take into consideration its Shareholders' views and inputs, and address Shareholders' concerns. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice shall be given. The chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, the Directors are available to answer Shareholders' questions on the Group's businesses at the meeting. To comply with code provision E.1.2 of the CG Code, the management will ensure the external auditor to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

All Shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by Shareholders. According to article 58 of the articles of association of the Company, any one or more of the members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

If a Shareholder wishes to propose a person (the "Candidate") for election as a Director at a general meeting, he/she shall deposit a written notice (the "Notice") at the Company's head office in Hong Kong at Unit A, 6/F., 9 Queen's Road Central, Hong Kong. The Notice (i) must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules and his/her contact details; and (ii) must be signed by the Shareholder concerned including the information/documents to verify the identity of the Shareholder and signed by the Candidate indicating his/her willingness to be elected and consent of publication of his/her personal data. The period for lodgment of the Notice shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such meeting. In order to ensure the Shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a Director without adjourning the general meeting, Shareholders are urged to submit and lodge the Notice as soon as practicable, say at least 15 business days prior to the date of the general meeting appointed for such election.

In order to promote effective communication, the Company also maintains website www.winfullgroup.hk which includes the latest information relating to the Group and its businesses.

SHAREHOLDERS COMMUNICATION POLICY

The shareholders communication policy of the Company (the "Shareholders Communication Policy") was updated on 29 September 2022 pursuant to a resolution passed on the same day by the Board.

The Company aims at promoting and facilitating effective communication with the Shareholders and selects this policy with the objective to ensure that the Company provides timely, clear, reliable and material information for the Shareholders in exercising their rights as Shareholders in an informed manner. The Board shall be responsible for maintaining an on-going dialogue with the Shareholders. The Board shall communicate with the Shareholders through general meetings, including annual general meetings, and other corporate communication.

SHAREHOLDERS COMMUNICATION POLICY (cont'd)

A dedicated section is available on the Company's website (<https://www.winfullgroup.hk>). The Company shall publish the corporate communication on its own website and also the website of the Stock Exchange.

Shareholders' Meetings

The Board shall encourage the participation of the Shareholders to the general meetings. The chairman of the Board shall attend the annual general meetings. The Chairman shall invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend the annual general meetings. In their absence, he shall invite another member of the committee or failing this his duly appointed delegate, to attend the annual general meetings. These persons shall be available to answer questions at the annual general meetings. The chairman of the independent board committee (if any) shall be available to answer questions at the general meetings to approve a connected transaction or any other transaction that requires independent shareholders' approval. The management of the Company shall ensure the external auditor attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

Corporate Communication

Notice

The Company shall arrange for the notice to the Shareholders to be sent in the case of for annual general meetings at least 20 clear business days before the meeting and to be sent at least 10 clear business days in the case of for all other general meetings (excluding annual general meetings). Any notice to be given by the Company shall be in writing. The Company shall send notices to all Shareholders whether or not their registered address is in Hong Kong. The Company shall ensure that notice of the general meetings is published on the websites of the Company and the Stock Exchange.

Circular

The Company shall despatch a circular to the Shareholders at the same time as (or before) the Company gives notice of the general meetings to approve the transaction referred to in the circular. The Company shall provide the Shareholders with any material information on the subject matter to be considered at a GM that comes to the Directors' attention after the circular is issued. The Company must provide the information either in a supplementary circular or by way of an announcement not less than 10 business days before the date of the relevant general meeting to consider the subject matter. The meeting must be adjourned before considering the relevant resolution to ensure compliance with this 10 business days requirement by the chairman or, if that is not permitted by the Company's constitutional documents, by resolution to that effect.

Annual Report and Interim Report

The Company shall send to the Shareholders a copy of its annual report including its annual accounts and, the group accounts, together with a copy of the auditors' report thereon, (or its summary financial report) not less than 21 days before the date of the Company's annual general meetings and in any event not more than four months after the end of the financial year to which they relate.

The Company shall prepare, in respect of each of the first 6 months of each financial year, its interim report (or its summary interim report) respectively and publish the same not later than three months after the end of that period of six months. The Company may send a copy of its interim report or summary interim report to the Shareholders.

SHAREHOLDERS COMMUNICATION POLICY *(cont'd)*

Corporate Communication *(cont'd)*

Proxy Form

The Company shall send with the notice convening a meeting of Shareholders to all persons entitled to vote at the meeting proxy forms, with provision for two-way voting ("for" or "against") on all resolutions intended to be proposed thereat.

Shareholders' Enquiries

Shareholders shall direct their questions about their shareholdings to the Company's Registrar. Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available.

The Articles of Association of the Company

The Shareholders Communication Policy shall not prevail the articles of association of the Company. The articles of association of the Company regulating the right of the Shareholders and the proceedings of the meetings of the Shareholders, so far as the same are applicable and not inconsistent with the provisions of these regulations, shall be applicable.

Procedures for Election of Directors

The Company shall disclose the details of any Directors proposed to be re-elected or proposed new Director in the notice or accompanying circular to the Shareholders of the relevant general meeting, if such re-election or appointment is subject to Shareholders' approval at that relevant general meeting (including, but not limited to, the annual general meetings).

Review

The Board shall review and reassess the Shareholders Communication Policy and its effectiveness on a regular basis or as required.

Shareholder Privacy

The Company recognises the importance of Shareholders' privacy and will not disclose Shareholders' information without their consent, unless required by law to do so.

The Board has reviewed the Shareholders Communication Policy and its effectiveness for the Year. The Company has provided appropriate communication channels to the Shareholders in accordance with the Shareholders Communication Policy and therefore the existing Shareholders Communication Policy is appropriate to the Company.

INDEPENDENT VIEW MECHANISM

The Company adopted the Independent View Mechanism which outlines the key principles of independent assessment, and set out the provisions with objective of ensuring independent views and inputs are available to the Board. The Independent View Mechanism is summarized as follows:

The Board endeavours to ensure the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time. Independent non-executive Directors should be appointed to other Board Committees as far as practicable to ensure independent views are available.

The Nomination Committee must strictly adhere to the nomination policy and the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of independent non-executive Directors. Each independent non-executive Director is also required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may materially affect his/her independence. The Nomination Committee is mandated to assess annually the independence of all independent non-executive Directors by reference to the independence criteria as set out in the Listing Rules to ensure that they can continually exercise independent judgement.

INDEPENDENT VIEW MECHANISM *(cont'd)*

Independent non-executive Directors are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They could also seek assistance from the Company's company secretary and, where necessary, independent advice from external professional advisers at the Company's expense.

Independent non-executive Directors shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his/her close associates has a material interest.

The chairman of the Board shall at least annually hold meetings with the independent non-executive Directors without the presence of other Directors to discuss major issues and any concerns.

The Board shall review the Independent View Mechanism on a regular basis to ensure its continued effectiveness.

DIVIDEND POLICY

The Board has approved and adopted a dividend policy on 22 February 2019 (the "Dividend Policy"). Under the Dividend Policy, the declaration and payment of dividends shall be determined at the sole discretion of the Board.

The Company's ability to distribute dividends will depend on, among others, the profits, operating results, cash flow, financial condition, contractual restrictions, capital requirements and other factors of the Company which the Directors consider relevant, and the interests of the shareholders of the Company. The remaining profit will be used for the development and operation of the Group.

The Company's distribution of dividends shall also comply with any restrictions under the applicable laws of the Cayman Islands, the laws of Hong Kong, the Listing Rules and the articles of association of the Company, as well as subject to the approval of shareholders of the Company.

The Company will continually review the Dividend Policy from time to time. There is no guarantee that any particular amount of dividends will be distributed for any specific periods.

DIRECTORS' REPORT

For the year ended 30 June 2023

The Directors present the annual report and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries of the Company are set out in note 18 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the Year and a discussion on the Group's future business development are provided in the Chairman's Statement and Management Discussion and Analysis on pages 3 to 14 of this report. Possible risks and uncertainties that the Group may be facing are set out in the Corporate Governance Report on pages 28 to 29 of this report.

Environmental Policies and Performance

Details for the environmental policies and performance of the Group during the Year are set out in the Environmental, Social and Governance Report on pages 45 to 57.

Compliance with the Relevant Laws and Regulations

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Relationship with Suppliers, Customers and other Stakeholders

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders to meet its immediate and long-term goals.

During the Year, there were no material and significant dispute between the Group and its suppliers, customers and/or other stakeholders.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the state of affairs of the Group as at 30 June 2023 are set out in the financial statements on pages 64 to 136 of this report.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2022: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 27 November 2023 to Thursday, 30 November 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to attend the forthcoming annual general meeting of the Company, all transfer of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrars in Hong Kong, Tricor Tengis Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 24 November 2023.

CHARITABLE DONATIONS

During the Year, the Group made approximately HK\$1,755,000 charitable donation (2022: approximately HK\$1,329,000).

SUMMARY FINANCIAL INFORMATION

The following is a summary of the consolidated results and of the consolidated assets and liabilities of the Group for the last five financial years:

Consolidated Results

	Year Ended 30 June 2023 HK\$'000	Year Ended 30 June 2022 HK\$'000 (re-presented)	Year Ended 30 June 2021 HK\$'000	Year Ended 30 June 2020 HK\$'000	Year Ended 30 June 2019 HK\$'000
Revenue	38,029	33,353	26,759	33,730	42,944
Profit/(Loss) before income tax	(69,352)	(143,517)	31,985	(154,350)	44,162
Income tax credit/(expense)	1,853	989	4,102	(1,416)	(1,062)
Profit/(Loss) after income tax	(67,499)	(142,528)	36,087	(155,766)	43,100
Attributable to: Owners of the Company	(67,611)	(144,050)	36,139	(153,375)	42,997

Consolidated Assets and Liabilities

	As at 30 June 2023 HK\$'000	As at 30 June 2022 HK\$'000	As at 30 June 2021 HK\$'000	As at 30 June 2020 HK\$'000	As at 30 June 2019 HK\$'000
Total assets	1,839,235	1,959,069	2,137,083	2,065,212	2,186,849
Total liabilities	(222,292)	(273,482)	(294,614)	(272,728)	(236,443)
Net assets	1,616,943	1,685,587	1,842,469	1,792,484	1,950,406

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

As at 30 June 2023, the Company's issued share capital was HK\$56,691,256.6 and the total number of its issued ordinary shares was 566,912,566 shares of HK\$0.10 each in issue.

6,100,000 options have been exercised on 24 June 2022 and the shares of the Company have been allotted on 7 July 2022.

Details of the movements in the Company's share capital during the Year are set out in note 30 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Option Schemes" of this report, no equity-linked agreement was entered into by the Company during the Year.

RESERVES

Details of the movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity of the Group on pages 70 to 71 of this report and in note 39 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution to Shareholders amount to approximately HK\$1,448,885,000 (2022: approximately HK\$1,574,495,000). Under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the reserves of the Company are available for paying distributions or dividends to Shareholders subject to the provisions of its memorandum and articles of association. In addition, dividends or distributions may, with the sanction of an ordinary resolution of Shareholders, be declared and paid out of the share premium account of the Company provided that immediately following the distribution or dividend, the Company is able to pay its debts as they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, revenue made to the five largest customers of the Group accounted for approximately 41.1% (2022: approximately 40.5%) of the Group's total revenue for the Year. Revenue made to the Group's largest customer accounted for approximately 11.0% (2022: approximately 12.6%) of the Group's total revenue for the Year.

The five largest suppliers of the Group accounted for approximately 93.7% (2022: approximately 65.9%) of the Group's total purchases and the largest supplier accounted for approximately 25.0% (2022: approximately 35.1%) of the Group's purchases.

Save as iOne Financial Press Limited, one of the five largest customers of the Company, is wholly owned by Mr. Pong, at no time during the Year, the Directors, their close associates or any Shareholders (which to the best knowledge of the Directors own more than 5% of the Company's issued shares) had any interest in these major customers and suppliers.

DIRECTORS

The Directors for the Year and up to the date of this report were as follows:

Executive Directors

Pong Wilson Wai San (*Chairman*)
Lee Wing Yin (*CEO*)

Non-executive Director

Lai Hin Wing Henry

Independent Non-executive Directors

Koo Fook Sun Louis
Lung Hung Cheuk
Yeung Wing Yan Wendy

In accordance with article 87(1) of the articles of association of the Company, Mr. Lee and Mr. Koo shall retire from office as Directors by rotation at the AGM and, being eligible, offer themselves for re-election at the AGM.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 15 to 16 of this report.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in this report, no contract of significant to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' SERVICE CONTRACTS

Details of the Directors' service contracts and appointment letters are described in the "Corporate Governance Report" on page 18.

Apart from the forgoing, no Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (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 or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Directors	Capacity/ Nature of interests	Number of ordinary share(s) held	Number of underlying shares held pursuant to share options	Total	Approximate percentage of the total number of issued shares of the Company
Pong Wilson Wai San	Beneficial owner	45,349,600	9,030,000 (Note 1)	54,429,600	9.60%
	Interest of a controlled corporation	334,641,966 (Note 3)	–	334,641,966	59.03%
Lee Wing Yin	Beneficial owner	1,000,000	3,318,000 (Note 1)	4,318,000	0.76%
Lai Hin Wing Henry	Beneficial owner	–	200,000 (Note 2)	–	0.04%
Koo Fook Sun Louis	Beneficial owner	–	200,000 (Note 2)	–	0.04%
Yeung Wing Yan Wendy	Beneficial owner	–	200,000 (Note 2)	–	0.04%
Lung Hung Cheuk	Beneficial owner	–	200,000 (Note 2)	–	0.04%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (cont'd)

Notes:

1. These shares of the Company represent the share options granted by the Company on 3 June 2014, 17 May 2016 and 26 November 2018 under the share option scheme adopted on 1 November 2011 (the "Old Share Option Scheme").

2. These shares of the Company represent the share options granted by the Company on 26 November 2018 and 28 April 2020 under the Old Share Option Scheme.

3. These shares of the Company are beneficially owned by Virtue Partner Group Limited, a company wholly owned by Mr. Pong, and therefore Mr. Pong is deemed to be interested in these shares of the Company under the SFO.

Interest in the associated corporation

Name of Director	Name of the associated corporation	Capacity/Nature of interests	Number of ordinary share(s) held	Approximate percentage of the total number of issued shares of the associated corporation
Pong Wilson Wai San	Virtue Partner Group Limited	Beneficial Owner	1 share	100%

All the interests disclosed above represent long position in the shares.

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its 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 or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2023, other than the interests of certain Directors and chief executive of the Company as disclosed under the section headed "Directors' and chief executives' interests and short position in the shares, underlying shares and debentures of the Company or any associated corporation" above, the interests or short positions of person in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the Shares carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial Shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES (cont'd)

Name of Shareholders	Capacity in which Shares are held	Number of Shares	Number of underlying shares held pursuant to share options	Total	Approximate percentage of the total number of issued shares of the Company
Tung Ching Yee Helena (Note 1)	Family interest	380,041,566	9,030,000	389,071,566	68.63%
Virtue Partner Group Limited	Beneficial owner	334,641,966 (Note 2)	–	334,641,966	59.03%

Notes:

- Ms. Tung Ching Yee Helena is the wife of Mr. Pong and is accordingly deemed to be interested in the Shares beneficially owned by Mr. Pong in his own capacity and through his controlled corporation, Virtue Partner Group Limited, under the SFO.
- 334,641,966 Shares are beneficially owned by Virtue Partner Group Limited, a company wholly owned by Mr. Pong, and therefore Mr. Pong is deemed to be interested in these Shares under the SFO.

All the interests disclosed above represent long position in Shares.

Save as disclosed above, as at 30 June 2023, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the issued Shares carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial Shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEMES

Old Share Option Scheme:

The Old Share Option Scheme adopted on 1 November 2011 by the Shareholders has expired on 31 October 2021. The purpose of the Old Share Option Scheme is to enable the Company to grant options to selected persons as incentives or rewards for their contribution to the Company and its subsidiaries.

The subscription price of a Share in respect of any particular option granted under the Old Share Option Scheme shall be a price determined by the Board and notified to a participant and shall be at least the highest of:

- the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date on which the Board passes a resolution approving the making of an offer of grant of an option to the participant (the "Offer Date");
- the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the Offer Date; and
- the nominal value of the Share on the Offer Date.

All outstanding share options granted but not yet exercised under the Old Share Option Scheme will continue to be valid and exercisable in accordance with the rules of the Old Share Option Scheme.

SHARE OPTION SCHEMES (cont'd)

Old Share Option Scheme: (cont'd)

Details of the share options movements during the Year under the Old Share Option Scheme are as follows:

Name or category of grantees	Date of grant of share options	Exercise Price (HK\$)	Exercise Period (Note)	Number of share options					Balance as at 30.06.2023
				Balance as at 01.07.2022	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year	
Directors									
Pong Wilson Wai San	3/6/2014	2.210	3/6/2014-2/6/2024	2,260,000	-	-	-	-	2,260,000
	17/5/2016	1.890	17/5/2016-16/5/2026	2,640,000	-	-	-	-	2,640,000
	26/11/2018	1.210	26/11/2018-25/11/2028	4,130,000	-	-	-	-	4,130,000
Lee Wing Yin	3/6/2014	2.210	3/6/2014-2/6/2024	100,000	-	-	-	-	100,000
	17/5/2016	1.890	17/5/2016-16/5/2026	2,718,000	-	-	-	-	2,718,000
	26/11/2018	1.210	26/11/2018-25/11/2028	500,000	-	-	-	-	500,000
Lai Hin Wing Henry	26/11/2018	1.210	26/11/2018-25/11/2028	100,000	-	-	-	-	100,000
	28/4/2020	0.480	28/4/2020-27/04/2025	100,000	-	-	-	-	100,000
Koo Fook Sun Louis	26/11/2018	1.210	26/11/2018-25/11/2028	100,000	-	-	-	-	100,000
	28/4/2020	0.480	28/4/2020-27/04/2025	100,000	-	-	-	-	100,000
Yeung Wing Yan Wendy	26/11/2018	1.210	26/11/2018-25/11/2028	100,000	-	-	-	-	100,000
	28/4/2020	0.480	28/4/2020-27/04/2025	100,000	-	-	-	-	100,000
Lung Hung Cheuk	26/11/2018	1.210	26/11/2018-25/11/2028	100,000	-	-	-	-	100,000
	28/4/2020	0.480	28/4/2020-27/04/2025	100,000	-	-	-	-	100,000
Total				13,148,000	-	-	-	-	13,148,000

Note: All of the share options granted have no vesting period or vesting condition.

New Share Option Scheme:

The new share option scheme was adopted on 26 November 2021 (the "New Share Option Scheme"). The following is a summary of principal terms of the New Share Option Scheme adopted by the Shareholders passed as an ordinary resolution on 26 November 2021. The terms of the New Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

(a) Purpose of the New Share Option Scheme

The purpose of the New Share Option Scheme is to enable the Company to grant options to selected persons as incentives or rewards for their contribution to the Company and its subsidiaries.

(b) Participants of the New Share Option Scheme

The Board may, at its absolute discretion grant all Directors (including executive, non-executive or independent non-executive Directors) and any employee (full-time or part-time) of the Company or any of its subsidiaries, options to subscribe at a price calculated in accordance with the paragraph below for such number of Shares as it may determine in accordance with the terms of the New Share Option Scheme.

SHARE OPTION SCHEMES (cont'd)

New Share Option Scheme: (cont'd)

(c) Total Number of Shares Available for Issue under the New Share Option Scheme

The maximum number of Shares available for issue under the share options which may be granted under the New Share Option Scheme and any other share option scheme of the Company must not, exceed 10% of the Shares in issue on 26 November 2021 (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the New Share Option Scheme or any other share option schemes of the Company), unless Shareholders' approval has been obtained.

As at the date of this report, the number of Shares available for issue upon exercise of the outstanding share options and the options to be granted under the Scheme is 56,081,256 Shares, representing approximately 9.89% of the issued Shares.

(d) The Maximum Entitlement of Each Participant under the New Share Option Scheme

The total number of Shares issued and to be issued upon exercise of options granted and to be granted to each participant or grantee (including exercised, cancelled and outstanding options) under the New Share Option Scheme, in any 12-month period up to and including the date of grant shall not exceed 1% of the Shares in issue.

(e) Timing for Exercising Option

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(f) Payment of Acceptance of Option

The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.

(g) Period of Acceptance of Option

An offer for the grant of options must be accepted within 21 days from the date of grant of the options.

(h) The Basis of Determining the Exercise Price of Option

The subscription price of a Share in respect of any particular option granted under the New Share Option Scheme shall be a price determined by the Board and notified to a participant and shall be at least the highest of:

- (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Offer Date;
- (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the Offer Date; and
- (iii) the nominal value of the Share on the Offer Date.

(i) Duration of the New Share Option Scheme

The New Share Option Scheme will remain in force for a period of 10 years commencing from 26 November 2021.

(j) Grant of Options to Connected Person

Any grant of options to a connected person (as defined in the Listing Rules) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee). Where options are proposed to be granted to a substantial shareholder (as defined in the Listing Rules) of the Company or an independent non-executive Director or any of their respective associates, and the proposed grant of options which would result in the Share issued and to be issued upon exercise of all options already granted or to be granted to such person in the 12-month period up to and including the date of offer of the options, would entitle that person to receive more than 0.1% of the total issued Shares for the time being and the value of which is in excess of HK\$5,000,000, then the proposed grant must be subject to the approval of the Shareholders at the general meeting. All connected persons of the Company must abstain from voting in such general meeting (except where any connected person intends to vote against the proposed grant ^(Remark)).

SHARE OPTION SCHEMES (cont'd)

New Share Option Scheme: (cont'd)

Details of the share options movements during the Year under the New Share Option Scheme are as follows:

Name or category of grantees	Date of grant of share options	Exercise Price (HK\$)	Exercise Period (Note)	Number of share options					
				Balance as at 01.07.2022	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year	Balance as at 30.06.2023
Directors									
Pong Wilson Wai San	29/6/2022	0.330	29/6/2022-28/6/2023	5,600,000	-	-	5,600,000	-	-
Lee Wing Yin	29/6/2022	0.330	29/6/2022-28/6/2023	500,000	-	-	500,000	-	-
Total				6,100,000	-	-	6,100,000	-	-

Note: All of the share options granted have no vesting period or vesting condition.

Information on the accounting policy and the value of options granted is provided in notes 3.20 and 31 to the consolidated financial statements respectively.

The number of Shares that may be issued in respect of options granted under all share option schemes of the Company during the Year divided by the weighted average number of issued Shares for the Year is 0.0339.

Remarks:

- Pursuant to Rule 17.03F of the Listing Rules, the vesting period for options shall not be less than 12 months.
- Pursuant to Rule 17.04(3) of the Listing Rules, where any grant of options or awards to an independent non-executive director or a substantial shareholder of the listed issuer, or any of their respective associates, would result in the shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of shares in issue, such further grant of options or awards must be approved by shareholders of the listed issuer in general meeting in the manner set out in rule 17.04(4). Pursuant to Rule 17.04(4) of the Listing Rules, the listed issuer must send a circular to the shareholders. The grantee, his/her associates and all core connected persons of the listed issuer must abstain from voting in favour at such general meeting. The listed issuer must comply with the requirements under rules 13.40, 13.41 and 13.42.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executives' interests and short position in the shares, underlying shares and debentures of the Company or any associated corporation" above, at no time during the Year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

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

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed shares during the Year.

INVESTMENT IN SUBSIDIARIES

The principal activities of the Company's subsidiaries are set out in note 18 to the consolidated financial statements.

CORPORATE GOVERNANCE

The Company maintains a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 17 to 33. The Directors believe the long term financial performance as opposed to short term rewards is a corporate governance objective. The Board would not take undue risks to make short term gains at the expense of the long term objectives.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

PUBLIC FLOAT

As far as the information publicly available to the Company is concerned and to the best knowledge of the Directors, at least 25% of the Company's issued shares were held by members of the public as at the date of this report.

DIRECTORS' INTERESTS IN COMPETING INTERESTS

As at the date of this report, none of the Directors had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

RELATED PARTY/CONNECTED TRANSACTIONS

Save as disclosed under the section headed "Continuing Connected Transactions" below, the Directors consider that those material related party transactions disclosed in note 36 to the consolidated financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the Listing Rules. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

AUDITOR

BDO Limited will retire and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of BDO Limited as the auditor of the Company is to be proposed at the AGM.

CONTINUING CONNECTED TRANSACTIONS

Monilea Limited, a wholly owned subsidiary of the Company, as landlord, has entered into a tenancy agreement of 15th Floor, Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong with iOne Financial Press Limited which is wholly and beneficially owned by Mr. Pong, as tenant, for a term of two years commencing from 21 September 2020 (the "Tenancy Agreement"). The monthly rent and the annual cap of the Tenancy Agreement is HK\$233,000 and HK\$2,796,000 respectively. The tenancy agreement was renewed for a term of two years commencing from 21 September 2022 with the monthly rent and the annual cap of HK\$233,000 and HK\$2,796,000 respectively (the "Renewed Tenancy Agreement").

Save for the Tenancy Agreement and Renewed Tenancy Agreement, Clear Access Global Limited ("Clear Access"), another wholly owned subsidiary of the Company, as landlord, had entered into a tenancy agreement of office unit 8, 9th Floor, Arion Commercial Centre, Nos. 2-12 Queen's Road West, Hong Kong with iOne Translation Company Limited ("iOne Translation"), a fellow subsidiary of iOne Financial Press Limited and is also wholly and beneficially owned by Mr. Pong, as tenant, for a term of a period commencing from 9 June 2021 to 30 June 2023 with the monthly rent and the annual cap of HK\$40,000 and HK\$480,000 respectively (the "IT Tenancy Agreement").

The transactions aggregate contemplated under the Tenancy Agreement, the Renewed Tenancy Agreement and the IT Tenancy Agreement (collectively, the "Tenancy Agreements") constitute continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios in respect of the aggregate annual cap for (i) the Tenancy Agreement and the IT Tenancy Agreement and (ii) the Renewed Tenancy Agreement and the IT Tenancy Agreement, respectively is less than 25% and the annual consideration is less than HK\$10,000,000, the transactions contemplated under the Tenancy Agreements are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the independent Shareholders' approval requirements.

CONTINUING CONNECTED TRANSACTIONS

(cont'd)

The Group is principally engaged in investment, trading and development of properties and securities investment and trading. The Directors consider that it is in the commercial interests of the Company. The monthly rent of the Tenancy Agreements are determined after arm's length negotiations with reference to the monthly rental of other similar premises in the Hong Kong market and the professional valuation report issued by Ascent Partners Valuation Service Limited dated 16 September 2020, 31 May 2021 and 22 August 2022, respectively.

Further details of these transactions can be referred to our announcements dated 21 September 2020 and 31 August 2022.

In accordance with Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions and confirmed that these continuing connected transactions were entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better; and
- (3) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, BDO Limited, the Company's external auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Financial statements and with reference to Practice Note 740 Auditors' Letter on Continuing Connected Transactions under Hong Kong Listing Rules issued by the HKICPA. BDO Limited issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Save as disclosed above, the Company had no connected transactions or continuing connected transactions which fell to be disclosed in accordance with the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions and continuing connected transactions.

EVENTS AFTER THE YEAR

Clear Access as landlord had entered into a tenancy agreement of office unit 8, 9th Floor, Arion Commercial Centre, Nos. 2-12 Queen's Road West, Hong Kong with iOne Translation as tenant for a term of two years commencing from 1 July 2023 with the monthly rent and the annual cap of HK\$42,000 and HK\$504,000 respectively.

Further details of the transaction can be referred to our announcement dated 15 June 2023.

On 14 July 2023, the Company granted share options to the grantees to subscribe for up to a total of 1,060,000 Shares, subject to acceptance of the grantees, under the share option scheme adopted by the Company on 21 November 2021.

Further details can be referred to our announcement dated 14 July 2023.

On 22 September 2023, August Ally received the redemption confirmation and redeemed its investments in a redeemable unlisted securities in the Apeiron Global Opportunities Fund for an aggregate redemption value of US\$1,671,000 (equivalent to approximately HK\$13,034,000) in cash and estimated to realize an aggregate gain of HK\$2,572,000 in relation to the redemption, as compared to the fair value of the Apeiron Global Opportunities Fund as at 31 December 2022 (or an aggregate gain of HK\$2,250,000 in relation to the redemption, as compared to the fair value of the Apeiron Global Opportunities Fund as at 30 June 2023).

Further details of the transaction can be referred to our announcement dated 22 September 2023.

Save as disclosed above, the Group does not have any material subsequent event after the Year and up to the date of this report.

FOR AND ON BEHALF OF THE BOARD

Pong Wilson Wai San

Chairman

Hong Kong
26 September 2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

Winfull Group Holdings Limited (the “Company”), together with its subsidiaries (the “Group”) is committed to operating in a responsible and sustainable manner. This Environmental, Social and Governance (ESG) report (the “Report”) provides an overview of our sustainability performance, policies and strategies during the Year. In line with the principle of materiality, the Report focuses on the sustainability performance of our property investment and trading business and securities investment and trading business in Hong Kong.

The Group recognizes the importance of addressing environmental, social and governance issues, and have implemented a range of initiatives to promote

sustainable practices. This Report outlines the efforts and achievements in areas, such as, energy conservation, waste management, community engagement, and human rights. The Report has been uploaded to the websites of the Stock Exchange and the Company’s website (www.winfullgroup.hk).

Reporting Principles

The Report was prepared in accordance with the ESG Reporting Guide (“ESG Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The reporting principles (namely, materiality, quantitative, balance and consistency) have formed the basis of the Report. The following table summarizes how the Group applied these principles in the preparation of this Report.

Reporting principle	The Group’s application
Materiality	The Group invited the Board of Directors and management to identify key environmental, social and governance issues during the Year and provided key disclosures based on identified material issues.
Quantitative	The Group recorded, calculated and disclosed quantitative data, wherever feasible, and compared past performance, where appropriate. All quantified data included in this Report is based on official documents of the Group and statistical records of relevant departments.
Balance	The report is prepared with an objective, unbiased manner and ensures that the disclosed information accurately reflects the overall performance of the Group in terms of environmental, social and governance.
Consistency	The Group used consistent statistical methods wherever feasible. If any changes that may affect comparisons with past reports are made, the Group will indicate in the appropriate sections of this report.

Confirmation and Approval

All information disclosed in this Report is derived from official documents, statistical data of the Group, and management and operation data collected in accordance

with the Group’s regulations. This Report was confirmed and approved by the Board of Directors on 26 September, 2023.

SUSTAINABILITY GOVERNANCE

The Group is committed to operating in a responsible and sustainable manner. To achieve this, the Group has established a Sustainability Governance framework that aims to integrate ESG considerations into its operations and decision-making processes. The foundation of the Group's sustainable development strategy is built on its strategies and policies, which are regularly reviewed and updated. In addition, the Group maintains active and continued communication with stakeholders to ensure that their needs and concerns are taken into account.

Governance Structure

At the core of the Group's Sustainability Governance framework is the Board of Directors (the "Board"), which oversees strategy and development, including sustainability strategy. The Board is responsible for monitoring and reviewing the company's performance to maintain high standards and ensure compliance with relevant regulations. The executive directors are in place to manage sustainability issues in daily operations, review feedback from stakeholders and update related policies, as well as to report to the Board for decision making purposes on a regular basis. The Sustainability Committee assists the Board in overseeing sustainability issues by providing recommendations, managing risks, and reviewing policies. It offers recommendation to the Board by examining policies and addressing sustainability risks, helping it makes informed decisions. The proactive

approach minimizes risks and identifies opportunities for the organization to operate sustainably. In addition, the Audit Committee and senior management provide support in reviewing and maintaining the risk management and internal control system.

The Group also recognizes the importance of evaluating and monitoring ESG-related risks and ensuring that these risks are considered in the decision-making process. This helps to identify potential risks and opportunities related to sustainability, which can then be addressed through the development of appropriate policies and strategies.

To ensure transparency and accountability, the Sustainability Committee's latest terms of reference are available on the websites of the Group and the Stock Exchange of Hong Kong. Further details of the corporate governance structure and practices are provided in the Corporate Governance section of this report.

Sustainability Strategy

The Group has established a comprehensive sustainability strategy that focuses on four key areas: Environment, People, Supply Chain, and Community. In line with the universal call by the United Nations Member States, the Group has identified seven of the most relevant Sustainable Development Goals (SDGs) to guide its sustainability efforts.

The sustainability strategy is underpinned by the commitment to operating in a responsible and sustainable manner. The Group recognizes that sustainability is a continuous journey, and it will continue to work

towards achieving its sustainability goals through active communication with stakeholders and ongoing evaluation and improvement of its sustainability practices.

Key area	SDGs	Implication
Environment	Goal 7, 11, 12 and 13	The Group aims to continually improve the environmental performance of our properties and operations. Through optimizing resource efficiency, acting on climate change and leveraging on innovative solutions, the Group seeks to contribute to building sustainable cities and communities.
People	Goal 3, 4 and 8	The Group aims to create a people-centred working environment by embracing diversity and prioritizing wellness and safety. It is dedicated to investing in people and providing fair opportunities and ample support for them to thrive as a high-performing team.
Supply Chain	Goal 3, 11 and 12	The Group aims to promote a sustainable supply chain in environmental, social and governance dimensions. It focuses on building long-term, mutually beneficial relationships with suppliers and contractors through active engagement and management.
Community	Goal 3, 4 and 11	The Group puts into practice its belief in building city with heart in which it operates. It invests in promoting education and charity and supporting the underprivileged to create a long-term positive impact.

STAKEHOLDER ENGAGEMENT

The Group values stakeholder engagement as an integral part of its sustainability strategy. It regularly communicates with stakeholders, including investors and shareholders, corporates and industry groups, tenants and employees, to obtain their feedback and perspectives, which are used to improve its sustainability practices. The Group

seeks to build long-term, mutually beneficial relationships with its stakeholders through active engagement and management. It encourages stakeholders to provide feedback and suggestions on its sustainability performance. This feedback will be taken into account to establish a more detailed sustainable development strategy in the future.

Materiality Assessment

The Materiality Assessment process is a critical step in preparing any ESG report. It involves identifying and prioritizing the ESG issues that are most relevant to the company's operations and stakeholders. Materiality assessments ensure that the company's sustainability reporting focuses on the issues that are most important to its stakeholders and aligns with the company's strategy.

The Materiality Assessment process for the Group involved three steps, in accordance with the reporting principles of the ESG Guide.

Step 1: Identification

- Reviewing the property industry to identify common material issues
- Identifying a range of potential ESG issues that could be relevant to the Group's business

Step 2: Prioritization

- Prioritizing the identified ESG issues through peer benchmarking
- Inviting the Board and senior management to rank the identified ESG issues
- Creating a list of material ESG issues that considered most important to the Group and its stakeholders.

Step 3: Validation

- Validating the list of material ESG issues

In accordance with the procedure above, the Group has identified 7 material issues as the key disclosure areas of the Report, as shown in the table below.

Material ESG issues	<ul style="list-style-type: none">• Employment system• Occupational health and safety• Training and development• Child and forced labour• Anti-corruption• Energy• Waste
General ESG issues	<ul style="list-style-type: none">• Water resource• Product responsibility• Supply chain• Green procurement• Community investment• Climate change• Greenhouse gas and air pollutants

KEY DISCLOSURE AREAS

Employment System

The Group is committed to providing a safe, equitable, and supportive work environment that fosters the personal and professional growth of its employees. Its proactive management approach towards the employment system is grounded in the core values of transparency, fairness, and respect. It maintains a zero-tolerance approach towards all forms of discrimination, inequality, child and forced labour, and violations of employment-related activities. All employment-related procedures are monitored by the Group and relevant department, such as checking job applicants' eligibility to work and working hours of employees. If there is violation case discovered, such as child and forced labour, the Group will handle with the measures or procedures established, including but not limited to the immediate termination of recruitment process or employment relationship with the child for further investigation or handling, and investigation of responsible person for forced labour. The Group ensures that its employees are treated with dignity and respect, and their rights and welfare are protected.

The Group believes in providing fair and competitive compensation packages and welfare to its employees. In order to ensure that its policies are in line with industry standards and market trends, the Group benchmarks them against them regularly. It conducts annual performance appraisals to evaluate employees' performance, qualifications, and potential for growth, and uses this information to make decisions about promotions, salary increments, and rewards. The Group is proud to have a strong record of upholding employees' rights and has not had any cases of violations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare, and relevant legislation, including the Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong) and the Employment Ordinance (Cap. 57 of the Laws of

Hong Kong) during the Year. The Group believes that its employees are its most valuable asset and is committed to ensuring their continued growth and success within the company.

Occupational Health and Safety

The Group recognizes that a safe and healthy work environment is critical to the success of any business, and the well-being of employees is of utmost importance.

It has implemented safety guidelines and a Health and Safety Policy to protect employees from hazards, which outline its commitment to ensuring that all employees are provided with a safe and healthy work environment. The Group is in compliance with the Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong), which sets out the legal requirements for workplace safety and health. It has implemented measures to ensure maintaining safe workplace for its employees. The Group has also developed safety arrangements for emergencies, such as during typhoons and rainstorm warnings, to ensure the safety of employees during extreme weather conditions and other emergencies.

The Group's commitment to workplace safety and health has been reflected in its performance over year. During the past three years, including the Year, the Group has had zero work-related fatalities or injuries, which is a testament to its proactive approach to workplace safety and health. The Group has not had any cases of violations relating to occupational health and safety during the Year.

Training and Development

The Group is dedicated to ensuring that its employees receive the necessary training and development opportunities to improve their performance and enhance their career development. It recognizes that investing in its people is essential to drive consistent growth and success, making the organization more competitive and agile in an ever-changing business landscape.

It is believed that providing employees with access to training and development opportunities is a critical component of its talent management strategy. The Group's goal is to attract and retain top talent by providing its employees with the resources and support they need to thrive as a high-performing team. The Group recognizes that employees are its most valuable asset, and investing in their development is essential to ensure their ongoing growth and success within the organization. By offering a range of training opportunities, including external training courses and seminars, that aim to provide employees with the knowledge and skills required, the Group improves their performance and enhance their career development.

The Group recognizes the importance of training and development in its talent management and organizational growth strategies. It is committed to providing its employees with the necessary resources and support to improve their performance, enhance their career development, and improve their skills and knowledge. The Group will continue to attract and retain top talent and ensure its employees' ongoing growth and success within the organization, as well as to establish training and development related policies when appropriate.

Anti-corruption

The Group is committed to maintaining high levels of moral standards and integrity in all of its operations. It recognizes that the fight against corruption is fundamental to achieving sustainable development and promoting social responsibility. Therefore, the Group has established a comprehensive anti-corruption management systems and practices to ensure that its operations conform to the highest ethical standards.

The Group's policies and practices are under the supervision of the Board and are outlined in the Employee Handbook, which all staff members are required to adhere to. The Employee Handbook covers topics such as business ethics, professional conduct, and the prohibition of accepting advantages, gifts, or any forms of corrupting

benefits from business partners. These policies are in accordance with Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong), Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong), and Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong).

The Group requires all employees to declare any potential or apparent conflict of interest. This declaration helps to ensure that employees act in the best interests of the Group and its stakeholders. It has put in place measures to monitor compliance with this policy and to investigate any reported cases of non-compliance. The Group will remove vendors from the vendor list or tendering if they are suspended for any bribery activities.

In addition to these measures, the Group has a whistle-blowing policy in place to encourage employees to report any instances of corruption or bribery. It is available to all employees, and any reports are handled confidentially. The whistle-blowing policy is an essential tool for the Group to detect and prevent corrupt practices. It recognizes that employees' willingness to speak up is crucial to identifying potential issues and preventing corruption.

During the Year, the Group had zero non-compliance with laws and regulations and legal cases against itself and its employees relating to unethical business practices, including but not limited to, bribery, extortion, fraud, and money laundering. The Group's commitment to maintaining high levels of moral standards and integrity is reflected in its zero-tolerance approach towards any forms of unethical practices. The Group's anti-corruption policy and practices are essential components of its sustainability strategy, and the Group will continue to improve and update these policies and practices to ensure that it operates in a responsible and sustainable manner. Besides, the Group will provide anti-corruption related training to its employees, when appropriate, to ensure the compliance of business ethical standards.

Energy

The Group is committed to operating in a responsible and sustainable manner, and energy management is a key component of its environmental strategy. The Group recognizes that managing its energy use in a systematic manner is essential to reducing its environmental impact and contributing to the sustainable development of the communities in which it operates.

To this end, the Group has implemented an Environmental Policy that outlines its approach to energy management. It is underpinned by a commitment to operating in a responsible and sustainable manner and recognizing that sustainability is a continuous journey. The Group has replaced its lighting systems with energy-efficient ones and most of its equipment is labelled with Grade 1 Energy Labels. This helps to ensure that the Group is using energy-efficient equipment and systems which can help reduce its overall energy consumption and environmental impact. The indoor temperature is maintained at 25°C, which helps to minimize the energy required for heating and cooling. The Group has also implemented a preset system to switch off rooftop signage from 11 pm to 7 am, with brightness set to a normal level. This system helps to reduce energy consumption during non-office hours, which can translate into significant energy savings over time.

To ensure that the Group is effectively managing its energy consumption, management regularly monitors energy usage, and data is collected to review performance and develop corresponding measures. The Group uses this data to identify areas where it can further improve its energy management practices and develop strategies to reduce its energy consumption further.

The Group has set an energy consumption target to maintain electricity consumption intensity at the current level until fiscal year 2025/26, in order to reduce the energy consumption and corresponding greenhouse gas emissions. It has established corresponding measures to achieve this target, which include implementing energy-efficient systems and equipment, managing energy consumption through regular monitoring, and promoting employee awareness of energy conservation. During the Year, the electricity consumption and its intensity reduced by 15% and increased by 16% respectively, compared to the baseline set in fiscal year 2021/22. The drop of electricity consumption was due to the implementation of energy efficient systems and equipment, while the increased intensity was due to the drop of employees employed during the Year.

The Group is exploring plans to promote the use of renewable energy, such as the installation of solar panels on the rooftop. These plans are currently under consideration, and if implemented, will further reduce the Group's reliance on non-renewable energy sources and contribute to building a more sustainable future.

The Group is committed to managing its energy use in a responsible and sustainable manner. Through its Environmental Policy, the Group has implemented a range of energy management practices designed to reduce energy consumption and minimize its environmental impact. By continuing to invest in energy-efficient systems and exploring new and innovative ways to promote renewable energy, the Group is demonstrating its commitment to building a more sustainable future for all.

Waste

The Group is committed to reducing its environmental impact by implementing effective waste management practices. The Group's Environmental Policy outlines its approach to waste management, together with a range of measures to reduce waste generation, such as adopting electronic communication and documentation where possible. The Group also encourages employees to adopt environmentally friendly practices, such as double-sized printing and reducing paper usage.

The Group has established a recycling system to manage waste generated by its operations. The system includes the separation of waste materials, such as paper, plastic, and metal, and their proper disposal through recycling channels. The Group ensures that its waste management practices comply with relevant regulations and standards and is committed to continuously improving its waste management practices. The Group recognizes that raising environmental awareness is essential to promoting sustainable practices. To this end, the Group regularly communicates with its stakeholders to educate them on the importance of waste reduction and recycling. The Group also encourages its employees to develop environmentally friendly habits and practices.

Through its waste management practices, the Group is demonstrating its commitment to reducing its environmental impact and promoting sustainable practices. With the consideration of materiality, the Group has not developed any waste reduction related target. It will continue to evaluate and improve its waste management practices to achieve its environmental sustainability goals, and establish relevant target when appropriate. During the Year, the Group had no violation cases of waste related laws and regulations.

GENERAL DISCLOSURE AREAS

Water Resource

The Group is committed to reducing its water consumption and promoting water conservation practices in all of its operations. The Group recognizes the importance of responsible water management and has implemented a range of initiatives to promote efficient water use.

The Group has installed reminders to switch off taps after use which helps to minimize water wastage and promotes responsible water usage among tenants and visitors. In addition, the Group regularly inspects water pipes and taps to detect and repair any leaks promptly. This helps to prevent water wastage and ensures that the Group's water consumption is minimized.

The Group recognizes that responsible water management is essential to building sustainable communities and is committed to promoting water conservation practices in its operations and among stakeholders. By continuing to invest in water-efficient equipment and systems and exploring new and innovative ways to reduce its water consumption, the Group is demonstrating its commitment to building a more sustainable future for all.

During the Year, there is not issue in sourcing water that is fit for purpose. With the consideration of materiality, the Group has not developed any water efficiency related target. The Group will continue to evaluate the water efficiency and establish relevant target, as well as to develop relevant internal policy, when appropriate.

Product Responsibility

The Group is committed to providing high-quality products and services that comply with both national and international standards. To ensure that the Group's products and services meet the highest standards of quality, the Group has implemented a quality assurance process that includes monitoring supplier performance, quality control, employee training and development, and corrective and preventive actions. It is committed to complying with its internal privacy policy, which is in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

The Group handles all personal data confidentially, ensuring that the privacy of its customers is protected. It recognizes the importance of addressing customer complaints in a timely and effective manner. All complaints are handled and investigated thoroughly, and appropriate measures are taken to prevent similar issues from occurring in the future. Besides, whenever there is intellectual property right involved, relevant department or employees will carefully ensure the compliance of rights and regulations, such as getting permission from the intellectual property rights owner for the use of products. During the Year, there were no complaint cases relating to health and safety, advertising, labelling, and privacy matters relating to products and services provided, and methods of redress, as well as the products sold or shipped subject to recalls for safety and health reasons.

The Group is committed to promoting product responsibility and ensuring that its products and services are safe, reliable, and of high quality. The Group will continue to review and update its quality assurance processes and privacy policy to ensure that it meets or exceeds the expectations of its customers and stakeholders. During the Year, there is no violations of product responsibility related laws and regulations.

Supply Chain

The Group is committed to promoting sustainable practices throughout its supply chain. It has implemented a Sustainable Procurement Policy and a Sustainability Policy to ensure that its suppliers, contractors, and vendors meet its expectations for sustainable supply chain.

To manage risks within its supply chain, the Group has established an approval process for suppliers and contractors. It conducts regular evaluations to ensure that its suppliers and contractors comply with relevant environmental and social laws and regulations, including the Waste Disposal Ordinance, the Employment Ordinance, and the Occupational Safety and Health Ordinance, as well as its Environmental Policy. It states the Group's environmental standards and practices for maintaining sustainable business operations. The Group also works with its suppliers and contractors to identify opportunities for improvement in their environmental and social performance.

The Group closely communicates its expectations with its suppliers and contractors, stating clear requirements for environmental and social performance. It integrates corporate social responsibility practices into its supply chain management processes to ensure that its suppliers and contractors are aligned with its sustainability goals. The Group also encourages the use of environmentally friendly products in the supply chain to protect the environment and natural resources.

The Group recognizes that its supply chain management practices have a significant impact on its sustainability performance. It is committed to ensuring that sustainability is integrated into all aspects of its supply chain management processes to promote sustainable practices and reduce its environmental impact.

Community Investment

The Group believes that its success is closely linked to the well-being of the communities where it operates. Therefore, the Group has made it its responsibility to contribute to the community and make a positive impact on society. It believes in giving back to the communities that have supported it, and is committed to being a responsible corporate citizen.

The Group's charitable efforts are focused on the Po Leung Kuk Winfull Charity Fund Foundation, which was established in 2011 with an initial donation of over HK\$10,000,000. The Charity Fund aims to help underprivileged and low-income families with financial needs and improve their home safety. It also provides urgent supplements in affiliated schools and higher education supplements for those enrolled in University Grants Committee (UGC) funded programs. The Charity Fund also provides funding for innovative technology and STEAM in affiliated secondary and primary schools.

Through its charitable efforts, the Group aims to make a positive impact on society and contribute to the well-being of the community. The Group believes that it is important to support the less fortunate and provide them with opportunities to improve their lives. The Group is proud to be associated with the Po Leung Kuk Winfull Charity Fund Foundation, and the Group is committed to supporting its efforts to make a difference in the lives of those who need it most.

In addition to its charitable efforts, the Group also provides charitable sponsorships, activities, and community-based programs. These activities mainly involve money donations and events of Po Leung Kuk and Community Chest. The Group believes that these efforts are essential to building strong and resilient communities. By providing support and resources to these organizations, the Group aims to make a positive impact on society and contribute to the well-being of the community.

The Group recognizes that its employees are its most valuable asset. The Group encourages its employees to participate in volunteering activities, such as charity events, community services, and environmental protection

activities. Through these activities, employees can gain a sense of fulfilment and contribute to the well-being of the community. The Group provides its employees with opportunities to make a positive impact on society and contribute to the well-being of the community.

It is believed that being a responsible corporate citizen is essential to its long-term success. The Group is committed to making a positive impact on society and contributing to the well-being of the community. The Group will continue to support charitable organizations, sponsor community-based programs, and provide its employees with opportunities to volunteer and make a difference in the lives of others, as well as to establish relevant internal policy, when appropriate, in the future. During the Year, the Group have contributed over HK\$1,700,000 to support the community development.

Climate Change

The Group recognizes the importance of addressing climate change and is committed to reducing its carbon footprint, with its Climate Change Policy. The Group has conducted an internal review to identify and assess the potential impacts of climate change on its operations. Based on the review, the Group has implemented precautionary measures to mitigate climate-related risks, such as extreme weather events. The Group has also developed emergency response guidelines for its employees in the event of super typhoons and heavy rainfalls to ensure their safety and well-being.

In addition to these measures, the Group is continually enhancing its systems, strategies, and measures to reduce its carbon footprint. The Group is exploring ways to improve the energy efficiency of its properties and operations, such as optimizing resource efficiency and using innovative solutions to act on climate change.

The Group is committed to being a responsible and sustainable business, and it recognizes that addressing climate change is essential to achieving this goal. The Group will continue to identify, monitor and assess climate-related risks and opportunities and develop new strategies and measures to reduce its carbon footprint and contribute to building a more sustainable future.

Greenhouse Gas Emissions

The Group is committed to reducing its carbon footprint and minimizing its impact on the environment. The Group recognizes the importance of addressing climate change and is actively taking steps to reduce its greenhouse gas emissions. To achieve this, the Group has implemented a range of initiatives and practices to monitor and manage its carbon footprint with its Environmental Policy.

To reduce its carbon footprint, the Group is implementing a range of energy-saving measures in its properties and offices. These include the installation of energy-efficient lighting systems and the implementation of energy conservation measures. The Group is also exploring plans to promote the use of renewable energy, such as the installation of solar panels on the rooftop of its properties. For details of carbon emissions related measures and target, please refer to “Energy” chapter.

The Group is committed to promoting sustainability and environmental awareness among its employees and stakeholders. To this end, it regularly communicates with its employees and stakeholders on environmental issues and encourages them to participate in its sustainability initiatives. The Group also encourages its tenants to adopt sustainable practices and initiatives to reduce their own carbon footprint.

The Group recognizes that reducing its carbon footprint is a continuous journey, and it will continue to monitor and manage its greenhouse gas emissions to achieve its sustainability goals. Through its commitment to sustainability and environmental responsibility, the Group is working towards building a more sustainable future for all.

Environment and Natural Resources

The Group is committed to minimizing its impact on the environment and natural resources in all of its operations. The Group recognizes that the construction and operation of properties can have significant environmental impacts, and it is committed to implementing sustainable practices to mitigate these impacts.

The Group has embedded sustainable practices into its procurement processes, prioritizing the use of sustainable materials wherever possible. It also seeks to minimize the environmental impacts of its business operations by implementing energy-efficient systems and equipment, managing energy consumption through regular monitoring, and promoting employee awareness of energy conservation.

Through its sustainable procurement practices, energy-efficient systems, waste management initiatives, and exploration of renewable energy sources, the Group is actively working to manage and minimize its impact on the environment and natural resources. The Group will continually evaluate its environmental impacts and establish relevant policy, when appropriate, in the future.

APPENDIX

Key Performance Indicators

Key Performance Indicators	Unit	The Year
A. Environmental^{1, 2}		
A1.2³	Greenhouse gas emissions	
Scope 1 ⁴	Tonnes of CO ₂ e	0.02
Scope 2 ^{5,6}	Tonnes of CO ₂ e	127.42
Scope 3 ⁷	Tonnes of CO ₂ e	Not available
– in total	Tonnes of CO ₂ e	127.44
– by intensity	Tonnes of CO ₂ e/FTE	5.45
A2.1	Energy consumption	
Direct energy consumption		
– in total	'000 kWh	Not available
– by intensity	'000 kWh/FTE	Not available
Indirect energy consumption ⁵		
– in total	'000 kWh	187.38
– by intensity	'000 kWh/FTE	8.01
Total energy consumption		
– in total	'000 kWh	187.38
– by intensity	'000 kWh/FTE	8.01
A2.2	Water consumption⁸	
– in total	m ³	308
– by intensity	m ³ /FTE	13.17
B. Social		
B1.1⁹	Total workforce by gender	
Male	No. of people	14
Female	No. of people	6
Total workforce by age group		
30 to 40 years old	No. of people	4
41 to 50 years old	No. of people	4
51 to 60 years old	No. of people	5
Over 60 years old	No. of people	7
B1.2	Employee turnover rate by gender	
Male	%	7
Female	%	14
Employee turnover rate by age group		
30 to 40 years old	%	20
41 to 50 years old	%	0
51 to 60 years old	%	13
Over 60 years old	%	0
Employee turnover rate by geographical region		
Hong Kong	%	9

Key Performance Indicators	Unit	The Year
B. Social		
B2.1	Number and rate of work-related fatalities (for the 3 years ended 30 June 2023)	
	– by number	No. of people
	– by rate	%
B2.2	Lost days due to work injury	
	Staff	Days
B3.1	Employees trained by gender	
	Male	No. of people
	Female	No. of people
	Employees trained by employee category	
	Directors	No. of people
	Senior management	No. of people
	General staff	No. of people
B3.2	Average training hours completed per employees by gender	
	Male	Hours
	Female	Hours
	Average training hours completed per employees by employee category	
	Directors	Hours
	Senior management	Hours
	General staff	Hours
B6.2	Number of products and service related complaints received	
	No. of complaints	
B7.1	Number of concluded cases regarding corrupt practices brought against the Group	
	No. of cases	

¹ Because the company owned vehicles are fossil fuel-burning vehicles, air pollutants emissions and direct energy consumption were not available for disclosure.

² Because of the business nature, there is no significant packaging materials, hazardous and non-hazardous waste generated during the Year.

³ With reference to "Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange of Hong Kong Limited, "Chapter 7: Emissions of Fluorinated Substitutes for Ozone Depleting Substances, Volume 3, 2006 IPCC Guidelines for National Greenhouse Gas Inventories" and "Sixth Assessment Report (AR6) published by IPCC.

⁴ Includes emissions from fugitive source of refrigerator.

⁵ Includes emissions from purchased electricity.

⁶ Because of the business nature, some electricity consumption was borne by tenants. The disclosed data is further restricted to the electricity consumption of headquarter office, operating sites in Queen's Road Central, Watson Road and Arbuthnot Road.

⁷ During the Year, there is no Scope 3 related emissions recorded or generated.

⁸ Because of the lack of individual water meters and some of the water charge was handled by tenants, the disclosed data is further restricted to the water consumption of operating site in Wang Hoi Road, Kowloon Bay.

⁹ During the Year, all employees are Hong Kong based full time employees.

INDEPENDENT AUDITOR'S REPORT



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To the shareholders of Winfull Group Holdings Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Winfull Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 64 to 136, which comprise the consolidated statement of financial position as at 30 June 2023, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(cont'd)*

Valuation of investment properties

Refer to note 4 and note 16 to the consolidated financial statements

The carrying value of the Group's investment properties as at 30 June 2023 was HK\$837,359,000. Investment properties are measured at cost on acquisition, and thereafter are carried at fair value, with any changes therein recognised in profit or loss. During the year ended 30 June 2023, the Group recognised a fair value loss of HK\$11,407,000 on its investment properties.

Fair values on investment properties are determined using direct comparison approach, in which the comparable properties with similar size, characteristic and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value. To assist management in this judgemental area, the Group engaged professionally qualified independent valuer for the property valuation exercise.

We identified valuation of investment properties as a key audit matter because of its potential significance to the consolidated financial statements as a whole, combined with management's estimations required in determining fair values.

How our audit addressed the Key Audit Matter

Our procedures on the valuation of investment properties included:

- Assessing the competency and capabilities of the independent valuer taking into account of their experience and qualifications;
- Conducting in-depth discussions with management and the independent valuer about the key assumptions and the industry norms and assessing the valuation methodologies;
- Assessing the methodologies used and the appropriateness of the key assumptions used by the independent valuer and management in arriving at the fair value of investment properties; and
- Checking, on a sample basis, the accuracy and relevance of the data provided by the independent valuer and management.

KEY AUDIT MATTERS (cont'd)

Valuation of financial instruments measured at fair value

Refer to note 4, note 21 and note 37.8 to the consolidated financial statements

As at 30 June 2023, the Group has unquoted financial instruments measured at fair value amounted to HK\$350,571,000. Financial instruments that used significant unobservable inputs in the valuation, and hence were categorised within level 3 of the fair value hierarchy of HK\$287,343,000, involved a higher degree of uncertainty in their valuation. The fair values of these financial instruments were determined by the Group based on asset-based approach, which represented the Group's share of adjusted net asset value and fair value of the investments.

We identified valuation of financial instruments as a key audit matter because of the degree of complexity involved in valuing the financial instruments, combined with management's judgement exercised in determining the inputs used in the valuation models.

How our audit addressed the Key Audit Matter

Our procedures on the valuation of financial instruments included:

- Enquiring management including fund manager and assessing the methodologies used in fair value measurement and the appropriateness of key assumptions used;
- Checking, on a sample basis, the accuracy and relevance of the data used such as comparing key underlying financial data inputs to external sources and investee companies' audited financial statements and management information as applicable;
- Engaging an auditor's expert to assist us in assessing the appropriateness of the valuation methodologies and the reasonableness and consistency of the inputs and assumptions used; and
- Checking the arithmetical accuracy on the valuation.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(cont'd)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited

Certified Public Accountants

Or Ying Ying, Anita

Practising Certificate Number: P07424

Hong Kong, 26 September 2023

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2023

	Notes	2023 HK\$'000	2022 HK\$'000 (re-presented)
Revenue	6	38,029	33,353
Cost of sales		(12,551)	(6,749)
Gross profit		25,478	26,604
Other income	7	15,919	4,583
Gain on disposal of investment properties		1,376	–
Administrative expenses and other operating expenses		(34,350)	(43,203)
Fair value loss on investment properties	16	(11,407)	(110,502)
Fair value gain of debt instruments at fair value through profit or loss ("FVTPL")	21	–	9,475
Fair value loss of equity instruments at FVTPL	21	(6)	(843)
Fair value loss of financial instruments at FVTPL	21	(52,225)	(26,240)
Gain/(Loss) on disposal of debt instruments at fair value through other comprehensive income ("FVOCI")		50	(143)
Loss allowance on debt instruments at FVOCI		(2,628)	–
Loss allowance on loan receivables	20	(2,248)	–
Write-down of properties held for trading	22	(282)	(888)
Write-off of deposit paid		(2,977)	–
Finance costs	9	(6,052)	(2,360)
Loss before income tax	8	(69,352)	(143,517)
Income tax credit	10	1,853	989
Loss for the year		(67,499)	(142,528)
(Loss)/Profit for the year attributable to:			
Owners of the Company		(67,611)	(144,050)
Non-controlling interests		112	1,522
		(67,499)	(142,528)
Loss per share	12		
– Basic		HK(11.93) cents	HK(25.69) cents
– Diluted		HK(11.93) cents	HK(25.69) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Loss for the year		(67,499)	(142,528)
Other comprehensive income for the year			
<i>Item that will not be reclassified to profit or loss:</i>			
Changes in fair value of equity instruments at FVOCI	21	287	(6,567)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Changes in fair value of debt instruments at FVOCI	21	(2,628)	(10,485)
Release of FVOCI reserve upon disposal of debt instruments at FVOCI		(50)	143
Loss allowance on debt instruments at FVOCI		2,628	–
Exchange differences arising on translation of foreign operations		(3,249)	1,111
Other comprehensive income for the year, net of tax		(3,012)	(15,798)
Total comprehensive income for the year		(70,511)	(158,326)
Total comprehensive income for the year attributable to:			
Owners of the Company		(70,623)	(159,848)
Non-controlling interests		112	1,522
		(70,511)	(158,326)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	2023 HK\$'000	2022 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	138,467	140,844
Investment properties	16	837,359	865,873
Intangible assets	17	1,344	2,393
Interests in associate	19	–	–
Loan receivables	20	33,507	6,565
Equity instruments at FVOCI	21	37,635	33,097
Financial instruments at FVTPL	21	350,571	402,371
Debt instruments at FVOCI	21	74,243	4,507
		1,473,126	1,455,650
Current assets			
Properties held for trading	22	96,980	106,485
Trade receivables	23	1,624	1,603
Prepayments, deposits and other receivables		12,035	8,305
Debt instruments at FVOCI	21	7,985	5,194
Debt instrument at amortised cost	21	–	4,762
Equity instruments at FVTPL	21	20	26
Cash and bank balances	24	139,260	212,564
Pledged bank deposits	25	108,205	164,480
		366,109	503,419
Current liabilities			
Accrued expenses, other payables and deposits received	26	5,136	20,017
Borrowings	27	183,311	219,275
Amounts due to non-controlling shareholders	28	2,312	2,160
Provision for income tax		23,968	23,569
		214,727	265,021
Net current assets		151,382	238,398
Total assets less current liabilities		1,624,508	1,694,048
Non-current liabilities			
Deposits received	26	3,252	1,929
Borrowings	27	939	1,357
Deferred tax liabilities	29	3,374	5,175
		7,565	8,461
Net assets		1,616,943	1,685,587

Consolidated statement of financial position
As at 30 June 2023

	Note	2023 HK\$'000	2022 HK\$'000
EQUITY			
Share capital	30	56,691	56,081
Reserves		1,560,678	1,630,044
Equity attributable to owners of the Company		1,617,369	1,686,125
Non-controlling interests		(426)	(538)
Total equity		1,616,943	1,685,587

On behalf of the directors

Pong Wilson Wai San
Director

Lee Wing Yin
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Cash flows from operating activities			
Loss before income tax		(69,352)	(143,517)
Adjustments for:			
Interest income		(16,673)	(8,451)
Dividend income	6	(1,221)	(917)
Depreciation	8	4,311	4,614
Equity-settled share-based payments expenses	13	–	435
Exchange loss, net	8	505	9,655
Gain on disposal on investment properties		(1,376)	–
Fair value loss on investment properties	8	11,407	110,502
Fair value gain on debt instruments at FTVPL	21	–	(9,475)
Fair value loss on equity instruments at FTVPL	21	6	843
Fair value loss on financial instruments at FTVPL	21	52,225	26,240
(Gain)/Loss on disposals of debt instruments at FVOCI		(50)	143
Loss allowance on debt instruments at FVOCI		2,628	–
Loss allowance on loan receivables	20	2,248	–
(Reversal of)/Provision for impairment loss on intangible assets	17	(556)	1,431
Write-down of properties held for trading	8	282	888
Write-off of deposit paid		2,977	–
Finance costs	9	6,052	2,360
Operating loss before working capital changes		(6,587)	(5,249)
Decrease/(Increase) in properties held for trading		7,573	(4,927)
Increase in trade receivables		(21)	(482)
Increase in prepayments, deposits and other receivables		(3,181)	(1,655)
(Decrease)/Increase in accrued expenses, other payables and deposits received		(1,691)	8,419
Cash used in from operations		(3,907)	(3,894)
Interest received		13,147	8,451
Interest paid	34	(3,263)	(1,192)
Income tax refund/(paid)		482	(236)
<i>Net cash generated from operating activities</i>		6,459	3,129

Consolidated statement of cash flows
For the year ended 30 June 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Cash flows from investing activities			
Dividend received		1,221	917
Deposits for leasehold improvement of investment properties		(298)	(310)
Withdrawal from/(Placement of) time deposits with original maturity of more than 3 months		73,401	(134,763)
Release of pledged bank deposits		56,275	37,034
(Advance to)/Repayments from loan receivables		(29,190)	10,923
Purchases of property, plant and equipment		(1,934)	–
Purchases of intangible assets		(34)	(2,385)
Purchases of equity instruments at FVOCI		(7,056)	(36,873)
Purchases of equity instruments at FVTPL		–	(1,885)
Purchases of financial instruments at FVTPL		(60,640)	(97,583)
Purchases of debt instruments at FVOCI		(85,223)	(3,364)
Proceeds from disposals of investment properties		18,976	–
Proceeds from disposals of intangible assets		1,639	–
Proceeds from disposals of equity instruments at FVOCI		2,805	43,463
Proceeds from disposals of equity instruments at FVTPL		–	3,294
Proceeds from disposals of financial instruments at FVTPL		52,530	27,204
Proceeds from disposals of debt instruments at FVOCI		10,068	20,083
Proceeds from disposals of debt instruments at FVTPL		–	33,508
Proceeds from disposals of debt instruments at amortised cost		4,762	–
<i>Net cash generated from/(used in) investing activities</i>		37,302	(100,737)
Cash flows from financing activities			
New bank borrowings raised	34	194,004	50,462
Repayments of bank borrowings	34	(236,963)	(44,975)
Advances from non-controlling shareholders	34	70	211
Repayments of amounts due to non-controlling shareholders	34	–	(16,009)
Consideration received from changes in ownership interests in a subsidiary without a loss of control		–	1,009
Proceeds from exercise of share options		–	1,867
<i>Net cash used in financing activities</i>		(42,889)	(7,435)
Net increase/(decrease) in cash and cash equivalents		872	(105,043)
Cash and cash equivalents at beginning of year		77,801	183,179
Effect of foreign exchange rate change		(775)	(335)
Cash and cash equivalents at end of year		77,898	77,801
Analysis of balances of cash and cash equivalents			
Cash and bank balances	24	14,699	77,801
Short-term deposits		63,199	–
		77,898	77,801

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Equity attributable to owners of the Company									
	Share capital	Share premium	Translation reserve	Share-based payment reserve	FVOCI reserve	Other reserve	Retained profit	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2021	56,081	1,570,851	3,644	11,867	6,118	1,380	195,856	1,845,797	(3,328)	1,842,469
Equity-settled share-based payments expenses (Note 31)	-	-	-	435	-	-	-	435	-	435
Acquisition of a subsidiary without change in control	-	-	-	-	-	(259)	-	(259)	1,268	1,009
Transactions with owners and changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	435	-	(259)	-	176	1,268	1,444
Loss for the year	-	-	-	-	-	-	(144,050)	(144,050)	1,522	(142,528)
Other comprehensive income:										
Changes in fair value of equity instruments at FVOCI (Note 21)	-	-	-	-	(6,567)	-	-	(6,567)	-	(6,567)
Changes in fair value of debts instruments at FVOCI (Note 21)	-	-	-	-	(10,485)	-	-	(10,485)	-	(10,485)
Release of FVOCI reserve upon disposals of debts instruments at FVOCI	-	-	-	-	143	-	-	143	-	143
Release of FVOCI reserve upon disposals of equity instruments at FVOCI	-	-	-	-	(8,174)	-	8,174	-	-	-
Exchange differences arising on translation of foreign operations	-	-	1,111	-	-	-	-	1,111	-	1,111
Total comprehensive income for the year	-	-	1,111	-	(25,083)	-	(135,876)	(159,848)	1,522	(158,326)
At 30 June 2022	56,081	1,570,851	4,755	12,302	(18,965)	1,121	59,980	1,686,125	(538)	1,685,587

Consolidated statement of changes in equity
For the year ended 30 June 2023

	Equity attributable to owners of the Company									
	Share capital	Share premium	Translation reserve	Share-based payment reserve	FVOCI reserve	Other reserve	Retained profit/(Accumulated losses)	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2022	56,081	1,570,851	4,755	12,302	(18,965)	1,121	59,980	1,686,125	(538)	1,685,587
Transfer upon lapse of share options	-	-	-	(435)	-	-	435	-	-	-
Shares issued upon exercise of share options (Note 30)	610	1,719	-	(462)	-	-	-	1,867	-	1,867
Transactions with owners	610	1,719	-	(897)	-	-	435	1,867	-	1,867
Loss for the year	-	-	-	-	-	-	(67,611)	(67,611)	112	(67,499)
Other comprehensive income:										
Changes in fair value of equity instruments at FVOCI (Note 21)	-	-	-	-	287	-	-	287	-	287
Changes in fair value of debts instruments at FVOCI (Note 21)	-	-	-	-	(2,628)	-	-	(2,628)	-	(2,628)
Release of FVOCI reserve upon disposals of debts instruments at FVOCI	-	-	-	-	(50)	-	-	(50)	-	(50)
Release of FVOCI reserve upon disposals of equity instruments at FVOCI	-	-	-	-	(280)	-	280	-	-	-
Loss allowance on debt instruments at FVOCI	-	-	-	-	2,628	-	-	2,628	-	2,628
Exchange differences arising on translation of foreign operations	-	-	(3,249)	-	-	-	-	(3,249)	-	(3,249)
Total comprehensive income for the year	-	-	(3,249)	-	(43)	-	(67,331)	(70,623)	112	(70,511)
At 30 June 2023	56,691	1,572,570	1,506	11,405	(19,008)	1,121	(6,916)	1,617,369	(426)	1,616,943

Other reserve represents the difference between the changes in proportionate share of the carrying amount of its subsidiaries' net assets or liabilities and the consideration paid or received for the changes of certain interests in subsidiaries that does not result in a loss of control.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. GENERAL INFORMATION

Winfull Group Holdings Limited (the “Company”) is an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Unit A, 6/F, 9 Queen’s Road Central, Hong Kong (“HK”). The Company’s issued shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 2 December 2010. The directors of the Company consider the ultimate holding company to be Virtue Partner Group Limited, a company incorporated in the British Virgin Islands (the “BVI”).

The principal activity of the Company is investment holding. Details of its subsidiaries (together with the Company referred to as the “Group”) are set out in Note 18. The Group was principally engaged in the investment, trading and development of property and securities investment and trading. There were no significant changes in the Group’s operation during the year.

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

The consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (“HK\$’000”) unless otherwise stated.

2. ADOPTION OF NEW AND AMENDED HKFRSs

2.1 Adoption of amended HKFRSs – effective 1 July 2022

In the current year, the Group has applied for the first time the following amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 July 2022:

Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 9 Financial Instruments, and illustrative Examples accompanying HKFRS 16 Leases
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The adoption of these amended HKFRSs does not have significant impact on the Group’s results and financial position for the current and prior periods.

2. ADOPTION OF NEW AND AMENDED HKFRSs (cont'd)

2.2 New and amended HKFRSs that have been issued but are not yet effective

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group. The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain new and amended HKFRSs have been issued but are not expected to have a material impact of the Group's consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 21	Lack of exchangeability ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current (the "2020 Amendments") ^{2,4}
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments") ²
HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate on Joint Venture ⁵

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

⁴ As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024.

⁵ No mandatory effective date yet determined but available for adoption.

The Group is in the process of making an assessment of what the impact of new and amended HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared under historical cost convention, except for certain financial instruments and investment properties, which are measured at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June each year.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the consolidated financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in those non-controlling interests having a deficit balance.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control directly or indirectly. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3.3 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amounts are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

3.4 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the reporting date are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Foreign currency translation (cont'd)

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK\$. Assets and liabilities have been translated into HK\$ at the closing rates at the reporting date. Income and expenses have been converted into HK\$ at the exchange rates ruling at the transaction dates or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

When a foreign operation is disposed of, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

3.5 Property, plant and equipment

All property, plant and equipment (other than art work as described below) are stated at cost less accumulated depreciation and impairment losses, if any.

Art work is stated at cost less subsequent accumulated impairment losses, if any.

Depreciation is provided to write off the cost less their estimated residual values over their estimated useful lives, using straight-line method at the following rates per annum:

Leasehold properties	2% or over the lease terms, whichever is shorter
Furniture, fixtures and equipment	10% to 30%
Motor vehicles	20%
Leasehold improvements	10% or over the lease terms, whichever is shorter

The assets' estimated residual values, if any, depreciation methods and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment; and
- investments in subsidiaries

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value-in-use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

3.7 Investment property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

3.8 Intangible assets (other than goodwill)

Intangible assets are cryptocurrencies.

Cryptocurrencies are open-source software-based online payment system where payments are recorded in a public ledger using its own unit of account. The Group considers cryptocurrencies as a type of intangible asset and measures cryptocurrencies held by the Group at cost less impairment. An impairment assessment is carried out at the end of the reporting period to determine whether the recoverable amounts of the cryptocurrencies are higher than their carrying amounts. An impairment loss is recognised as an expense immediately when the recoverable amount is below the carrying amount. The recoverable amounts of the cryptocurrencies are determined as the higher of their fair values less costs of disposal and value in use. Fair values are estimated using the assumptions that market participants would use when pricing the cryptocurrencies, assuming that market participants act in their economic best interest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Leasing

Accounting as a lessor

The Group has leased out its investment property to a number of tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

3.10 Properties held for trading

Properties held for trading are carried at the lower of cost and net realisable value. Cost comprises all costs of purchase. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

3.11 Financial instruments

(i) *Financial assets*

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 Financial instruments (cont'd)

(i) Financial assets (cont'd)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 Financial instruments (cont'd)

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss (“ECLs”) on trade receivables, financial assets measured at amortised cost and debt instruments measured at FVOCI. ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.

The Group measured loss allowances for trade receivables using HKFRS 9 Financial Instruments (“HKFRS 9”) simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets, ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on gross carrying amount.

The gross carrying amount of a financial asset is written off of the extent that there is no reasonable expectation of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 Financial instruments (cont'd)

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

These include accrued expenses, other payables, deposits received, borrowings and amounts due to non-controlling shareholders are subsequently measured at amortised cost, using effective interest method. The related interest expense is recognised in accordance with the accounting policy set out in Note 3.15.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

This is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. Effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in note 3.11(ii); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15").

(vi) Derecognition and modification

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 Financial instruments (cont'd)

(vi) Derecognition and modification (cont'd)

Except for changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform in which the Group applies the practical expedient, when the contractual terms of a financial asset or financial liability are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial instrument.

For non-substantial modifications of financial assets or financial liability that do not result in derecognition, the carrying amount of the relevant financial instrument will be calculated at the present value of the modified contractual cash flows discounted at the financial instrument's original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial instrument and are amortised over the remaining term. Any adjustment to the carrying amount of the financial instrument is recognised in profit or loss at the date of modification. Substantial modifications would be accounted for as derecognition of the original financial instrument and the recognition of new financial instrument. The difference between the carrying amount of the financial instrument derecognised and the fair value of the consideration paid or payable, including any non-financial assets transferred and liabilities assumed and the new modified financial instrument, is recognised in profit or loss.

For a changes in the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by the interest rate benchmark reform if the following conditions are met:

- the change is necessary a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis, i.e. the basis immediately before the change

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.11 Financial instruments *(cont'd)*

(vi) Derecognition and modification (cont'd)

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications set out above to the additional changes.

3.12 Cash and cash equivalents

For the purpose of statement of cash flows presentation, cash and cash equivalents include demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value and form an integral part of the Group's cash management.

3.13 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of resources embodying economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources embodying economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefits is remote.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium to the extent they are incremental costs directly attributable to the equity transaction.

3.15 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed. Capitalisation of borrowing costs suspends when the Group suspends active development of a qualifying asset.

3.16 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Revenue recognition (cont'd)

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Revenue from sale of properties held for trading

Revenue arising from sale of properties held for trading is recognised when control over the ownership of the property has been passed to the buyer, which is the point in time when the buyer has the ability to direct the use of the property and obtain substantially all the benefits of the property. Deposits and payments received prior to the date of revenue recognition are included in the consolidated statement of financial position under contract liabilities.

3.17 Government grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.18 Income tax

Income taxes for the year comprise current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Income taxes are recognised in profit or loss, except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.18 Income tax (cont'd)

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entities; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.19 Retirement benefit costs and short-term employee benefits

(i) *Defined contribution retirement plan*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong.

Contributions are made based on a percentage of the employees' basic salaries and recognised in profit or loss as employees render services during the year. Assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme. For members of the MPF Scheme, the Group contributes 5% (2022: 5%) of relevant payroll costs to the MPF Scheme, which contributions are matched by the employees. The maximum monthly amount of contributions is limited to HK\$1,500 (2022: HK\$1,500) per employee.

(ii) *Short-term employee benefits*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employee up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.20 Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees, directors, consultants, advisors, suppliers or customers of the Company and its subsidiaries.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the equity instruments awarded. Their values are appraised at the grant date and exclude the impact of any non-market vesting conditions.

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in share-based payment reserve in equity. If vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates.

At the time when the share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. After vesting date, when the vested share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to retained profits.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.21 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The Group has identified the following reportable segments:

Property Development Business:	Property development
Property Investment and Trading Business:	Investment in properties and property trading for profit-making purpose
Securities Investment and Trading Business:	Investment and trading of securities
Loan Financing Business:	Provision of money lending services
Renovation Business:	Provision of renovation services

Each of these operating segments is managed separately as each of the product and service line requires different resources as well as marketing approaches. All inter-segment transfers are priced with reference to prices charged to external parties for similar orders.

The measurement policies the Group used for reporting segment results under HKFRS 8 Operating Segments are the same as those used in its consolidated financial statements prepared under HKFRSs, except for net exchange loss/gain, income tax expense, and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but certain investments in financial assets. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

No asymmetrical allocations have been applied to reportable segments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.22 Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4.1 Net realisable value of properties held for trading

Net realisable value of properties held for trading is the estimated selling price in the ordinary course of business, less selling expenses and estimated cost of completion. These estimates are based on the current market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. Management reassesses these estimations at the reporting date to ensure properties held for trading are accounted for at the lower of cost and net realisable value.

4.2 Impairment of financial assets

The Group reviews its portfolios to assess impairment at the end of each reporting period. In determining the amount of impairment that should be recorded in profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio before the decrease can be identified with an individual in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of the debtors, or both current and forecast general economic conditions. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(cont'd)*

4.3 Taxation

The Group is subject to various taxes in Hong Kong, United Kingdom (“UK”) and Japan. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such final tax liabilities determination is made.

4.4 Fair value of investment properties

Investment properties are carried at their fair values. The fair values of the investment properties were determined by reference to valuations conducted on these properties by the independent professional valuers using property valuation techniques which involve certain assumptions. Favourable or unfavourable changes to these assumptions may result in changes in the fair value of the Group’s investment properties and corresponding adjustments to the changes in fair value reported in profit or loss and the carrying amount of these properties included in the consolidated statement of financial position.

4.5 Fair value of financial instruments

Fair values of financial instruments that are not quoted in active markets are determined by using various valuation techniques according to the nature of the financial instruments. These include third party price quotation. These models are built by reputable system suppliers and are widely used in the market. Management judgement and estimates are required for the selection of appropriate valuation parameters, assumptions and modelling techniques.

5. SEGMENT INFORMATION

The executive directors have identified the Group’s five (2022: five) product and service lines as operating segments as further described based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group’s business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group’s major product and service lines.

5. SEGMENT INFORMATION (cont'd)

For better reflection of the revenue structure and performance measurement after continuous acquisition of securities and other investments during the year ended 30 June 2023, as well as enhancing the comparability of the segment results, the operating segments were reallocated during the year ended 30 June 2023. The segment information in 2022 was re-presented accordingly.

There was no inter-segment sale and transfer during the year (2022: Nil).

	2023					Total HK\$'000
	Property Development Business HK\$'000	Property Investment and Trading Business HK\$'000	Security Investment and Trading Business HK\$'000	Loan Financing Business HK\$'000	Renovation Business HK\$'000	
Reportable segment revenue:						
From external customers	8,546	21,727	4,230	3,526	-	38,029
Reportable segment profit/(loss)	3,711	91	(60,729)	1,265	(7)	(55,669)
Bank interest income	12	27	10,099	-	-	10,138
Depreciation	-	(2,959)	(1,352)	-	-	(4,311)
Fair value loss on investment properties	-	(11,407)	-	-	-	(11,407)
Fair value loss of equity instruments at FVTPL	-	-	(6)	-	-	(6)
Fair value gain/(loss) of financial instruments at FVTPL	1,412	-	(53,637)	-	-	(52,225)
Reversal of impairment loss on intangible assets	-	-	556	-	-	556
Reversal of write-down/(Write-down) of properties held for trading	1,181	(1,463)	-	-	-	(282)
Loss allowance on debt instruments at FVOCI	-	-	(2,628)	-	-	(2,628)
Loss allowance on loan receivables	-	-	-	(2,248)	-	(2,248)
Write-off of deposits paid	-	(2,977)	-	-	-	(2,977)
Income tax credit	-	1,853	-	-	-	1,853
Reportable segment assets	31,572	914,264	486,647	35,503	16	1,468,002
Additions to non-current assets	-	-	1,934	-	-	1,934
Reportable segment liabilities	24,238	11,053	358	13	14	35,676

5. SEGMENT INFORMATION (cont'd)

	2022					
	Property Development Business HK\$'000	Property Investment and Trading Business HK\$'000 (re-presented)	Security Investment and Trading Business HK\$'000 (re-presented)	Loan Financing Business HK\$'000 (re-presented)	Renovation Business HK\$'000	Total HK\$'000 (re-presented)
Reportable segment revenue:						
From external customers	–	21,844	10,771	738	–	33,353
Reportable segment profit/(loss)	7,896	(94,185)	(32,264)	702	(10)	(117,861)
Bank interest income	–	–	1,729	–	–	1,729
Depreciation	–	(3,347)	(1,267)	–	–	(4,614)
Fair value loss on investment properties	–	(110,502)	–	–	–	(110,502)
Fair value gain of debt instruments at FVTPL	–	–	9,475	–	–	9,475
Fair value loss of equity instruments at FVTPL	–	–	(843)	–	–	(843)
Fair value gain/(loss) financial instruments at FVTPL	10,451	–	(36,691)	–	–	(26,240)
Provision for impairment loss on intangible assets	–	–	(1,431)	–	–	(1,431)
(Write-down)/Reversal of write-down of properties held for trading	(1,181)	293	–	–	–	(888)
Income tax credit	–	989	–	–	–	989
Reportable segment assets	55,847	958,269	495,276	9,574	16	1,518,982
Additions to non-current assets	–	16,599	2,385	–	–	18,984
Reportable segment liabilities	36,773	11,196	400	45	27	48,441

5. SEGMENT INFORMATION (cont'd)

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the consolidated financial statements as follows:

	2023 HK\$'000	2022 HK\$'000 (re-presented)
Revenue		
Reportable segment revenue	38,029	33,353
Consolidated revenue	38,029	33,353
Loss before income tax		
Reportable segment loss	(55,669)	(117,861)
Bank interest income	10,138	1,729
Exchange loss, net	(505)	(9,655)
Equity-settled share-based payment expenses	–	(435)
Corporate employee costs	(17,977)	(18,228)
Corporate professional fees	(1,700)	(1,674)
Interest for bank borrowings	(6,052)	(2,360)
Unallocated corporate income	2,469	4,984
Unallocated corporate expenses	(56)	17
Consolidated loss before income tax	(69,352)	(143,517)
Assets		
Reportable segment assets	1,468,002	1,518,982
Property, plant and equipment	138,467	140,844
Corporate pledged bank deposits	108,205	164,480
Corporate time deposits	124,561	134,763
Consolidated total assets	1,839,235	1,959,069
Liabilities		
Reportable segment liabilities	35,676	48,441
Corporate bank borrowings	184,250	220,632
Other corporate liabilities	2,366	4,409
Consolidated total liabilities	222,292	273,482

5. SEGMENT INFORMATION (cont'd)

The Group's reportable segment revenue from external customers and its non-current assets are divided into the following geographical areas:

	Revenue from external customer		Non-current assets	
	2023 HK\$'000	2022 HK\$'000 (re-presented)	2023 HK\$'000	2022 HK\$'000
Hong Kong	23,930	29,488	890,711	919,737
United Kingdom	11,934	3,093	54,373	58,096
Japan	2,165	772	32,086	31,277
	38,029	33,353	977,170	1,009,110

Geographical location of customers is based on the location at which the services were provided and the goods were delivered. Geographical location of non-current assets is based on (i) the physical location of the assets (for property, plant and equipment and investment properties); and (ii) location of operation (for intangible assets).

During the year, there was neither revenue from external customers attributable to the Cayman Islands (domicile) (2022: Nil) nor non-current assets were located in the Cayman Islands (2022: Nil). The country of domicile is the country where the Company was incorporated.

Revenue from the major customers is as follows:

	2023 HK\$'000	2022 HK\$'000
Customer A (Note i)	4,200	4,200
Customer B (Note ii)	3,015	N/A
Customer C (Note ii)	2,812	N/A
Customer D (Note i)	2,808	3,093
Customer E (Note i)	2,796	2,796
	15,631	10,089

Notes:

- (i) The revenue was derived from the Property Investment and Trading Business.
- (ii) The revenue was derived from the Property Development Business. Customer B and C did not represent a major customer of the Group for the year ended 30 June 2022.

Revenue recognition is as follows:

	Property Development Business		Property Investment and Trading Business		Renovation Business		Security Investment and Trading Business		Loan Financing Business		Total	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000 (re-presented)	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000 (re-presented)
Revenue from contracts with customers recognised at a point in time												
- Sale of properties held for trading	8,546	-	-	-	-	-	-	-	-	-	8,546	-
Revenue from leasing	-	-	21,727	21,844	-	-	-	-	-	-	21,727	21,844
Revenue from other sources	-	-	-	-	-	-	4,230	10,771	3,526	738	7,756	11,509
	8,546	-	21,727	21,844	-	-	4,230	10,771	3,526	738	38,029	33,353

6. REVENUE

The Group's principal activities are disclosed in note 1 to the consolidated financial statements. Revenue from the Group's principal activities recognised during the year is as follows:

	2023 HK\$'000	2022 HK\$'000 (re-presented)
Revenue from contracts with customers recognised at a point in time		
– Sale of properties held for trading	8,546	–
Rental income from investment properties	21,727	21,844
Revenue from other sources		
– Sale of securities	–	3,870
– Dividend income from securities	1,221	917
– Interest income from securities	3,009	5,984
– Interest income from money lending	3,526	738
	38,029	33,353

7. OTHER INCOME

	2023 HK\$'000	2022 HK\$'000 (re-presented)
Bank interest income	10,138	1,729
Government grant (Note)	272	136
Rental income from properties held for trading	3,312	2,042
Sundry income	2,197	676
	15,919	4,583

Note:

Government grant of HK\$272,000 (2022: HK\$136,000) was obtained from Employment Support Scheme ("ESS") under the Anti-epidemic Fund launched by the Government of the Hong Kong Special Administrative Region supporting the payroll of the Group's employees. Under the ESS, the Group had to commit to spend this grant on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The grant was allocated to the consolidated profit or loss to match the relevant costs incurred. The Group does not have other unfulfilled obligations relating to this program.

8. LOSS BEFORE INCOME TAX

	2023 HK\$'000	2022 HK\$'000
Loss before income tax is arrived at after charging/(crediting) the following:		
Cost of sales on properties held for trading	8,022	–
Write-down of properties held for trading (Note 22)	282	888
Auditor's remuneration	640	594
Depreciation of property, plant and equipment (Note 15)		
– owned assets	1,517	1,820
– right-of-use assets included within leasehold properties	2,794	2,794
	4,311	4,614
Employee costs (including directors' emoluments) (Note 13)	17,977	18,663
Exchange loss, net	505	9,655
Fair value loss on investment properties (Note 16)	11,407	110,502
(Reversal of)/Provision for impairment loss on intangible assets	(556)	1,431
Direct operating expenses arising from investment properties that		
– generated rental income	3,357	2,013
– did not generate rental income	416	465

9. FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Interests on bank borrowings	6,052	2,360

10. INCOME TAX CREDIT

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying group entities in Hong Kong is taxed at 8.25%, and profits above HK\$2 million is taxed at 16.5%. Profits of group entities in Hong Kong that are not qualifying for the two-tiered profits tax rate regime continue to be taxed at a flat rate of 16.5%.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

Income tax credit in the consolidated income statement is as follows:

	2023 HK\$'000	2022 HK\$'000
Current tax – Hong Kong		
Over-provision in respect of prior years	–	(35)
Current tax – Overseas		
Over-provision in respect of prior years	(52)	(954)
Deferred tax (Note 29)	(1,801)	–
Income tax credit	(1,853)	(989)

Reconciliation between income tax credit and accounting loss at applicable tax rates:

	2023 HK\$'000	2022 HK\$'000
Loss before income tax	(69,352)	(143,517)
Notional tax on loss before income tax, calculated at the rates applicable to the jurisdictions concerned	(11,552)	(24,693)
Tax effect of non-deductible expenses	13,360	29,436
Tax effect of non-taxable revenue	(5,022)	(6,952)
Tax effect of deductible temporary difference not recognised	(3,123)	(1,352)
Tax effect of unused tax losses not recognised	4,536	3,561
Over-provision in prior years	(52)	(989)
Income tax credit	(1,853)	(989)

11. DIVIDENDS

For the years ended 30 June 2023 and 2022, the directors do not recommend the payment of a final dividend.

12. LOSS PER SHARE

Calculation of basic and diluted loss per share is based on the following data:

	2023 HK\$'000	2022 HK\$'000
Loss for year attributable to owners of the Company	(67,611)	(144,050)

	Number of shares	
	2023 '000	2022 '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	566,812	560,813

The computation of diluted loss per share for the years ended 30 June 2023 and 2022 does not include the share options as the assumed exercise of these share options has an anti-dilutive effect.

13. EMPLOYEE COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2023 HK\$'000	2022 HK\$'000
Salaries and allowances	16,996	17,389
Bonus	700	529
Equity-settled share-based payments expenses (Note 31)	–	435
Contributions to defined contribution retirement plans	281	310
	17,977	18,663

14. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid/payable to the directors were as follows:

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Bonus HK\$'000	Equity- settled share-based payments expenses HK\$'000	Contribution to defined contribution retirement plans HK\$'000	Total HK\$'000
Year ended 30 June 2023						
Executive directors						
Mr. Pong Wai San Wilson	6,720	-	700	-	18	7,438
Mr. Lee Wing Yin	1,344	-	-	-	18	1,362
Non-executive director						
Mr. Lai Hin Wing Henry	121	-	-	-	-	121
Independent non-executive directors						
Mr. Koo Fook Sun Louis	121	-	-	-	-	121
Mr. Lung Hung Cheuk	121	-	-	-	-	121
Ms. Yeung Wing Yan Wendy	121	-	-	-	-	121
	8,548	-	700	-	36	9,284
Year ended 30 June 2022						
Executive directors						
Mr. Pong Wai San Wilson	6,474	-	529	399	18	7,420
Mr. Lee Wing Yin	1,290	-	-	36	18	1,344
Non-executive director						
Mr. Lai Hin Wing Henry	121	-	-	-	-	121
Independent non-executive directors						
Mr. Koo Fook Sun Louis	121	-	-	-	-	121
Mr. Lung Hung Cheuk	121	-	-	-	-	121
Ms. Yeung Wing Yan Wendy	121	-	-	-	-	121
	8,248	-	529	435	36	9,248

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2022: Nil).

14. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (cont'd)

(b) Five highest paid individuals

Of the five individuals whose emoluments were the highest in the Group for the year ended 30 June 2023, two (2022: two) are directors whose emoluments are reflected in the analysis presented above. The aggregate of the emoluments paid/payable to the remaining three (2022: three) individuals for the years ended 30 June 2023 and 2022 are as follows:

	2023 HK\$'000	2022 HK\$'000
Salaries, allowances and benefits in kind	3,059	2,340
Contributions to defined contribution retirement plans	54	54
	3,113	2,394

Their emoluments of the three (2022: three) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2023	2022
Emolument bands		
Nil to HK\$1,000,000	1	3
HK\$1,000,001 to HK\$1,500,000	2	–
	3	3

During the years ended 30 June 2023 and 2022, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office.

There was no arrangement under which any of the five highest paid employees waived or agreed to waive any remuneration during the year (2022: Nil).

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Leasehold improvements HK\$'000	Art work HK\$'000	Total HK\$'000
At 1 July 2021						
Cost	139,700	694	3,612	15,691	3,572	163,269
Accumulated depreciation	(8,050)	(460)	(2,836)	(6,465)	–	(17,811)
Net carrying amount	131,650	234	776	9,226	3,572	145,458
Year ended 30 June 2022						
Opening net book amount	131,650	234	776	9,226	3,572	145,458
Depreciation	(2,794)	(49)	(469)	(1,302)	–	(4,614)
Closing net book amount	128,856	185	307	7,924	3,572	140,844
At 30 June 2022 and 1 July 2022						
Cost	139,700	694	3,612	15,691	3,572	163,269
Accumulated depreciation	(10,844)	(509)	(3,305)	(7,767)	–	(22,425)
Net carrying amount	128,856	185	307	7,924	3,572	140,844
Year ended 30 June 2023						
Opening net book amount	128,856	185	307	7,924	3,572	140,844
Addition	–	–	–	–	1,934	1,934
Depreciation	(2,794)	(49)	(166)	(1,302)	–	(4,311)
Closing net book amount	126,062	136	141	6,622	5,506	138,467
At 30 June 2023						
Cost	139,700	694	3,612	15,691	5,506	165,203
Accumulated depreciation	(13,638)	(558)	(3,471)	(9,069)	–	(26,736)
Net carrying amount	126,062	136	141	6,622	5,506	138,467

As at 30 June 2023, the Group's leasehold properties and certain investment properties (Note 16) with net carrying amount of HK\$126,062,000 (2022: HK\$128,856,000) and HK\$415,173,000 (2022: HK\$414,496,000) respectively were pledged to secure bank borrowings of HK\$46,745,000 (2022: HK\$48,769,000) (Note 27) of the Group.

15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Right-of-use assets

The analysis of the net carrying amount of right-of-use assets by class of underlying asset is as follows:

	2023 HK\$'000	2022 HK\$'000
Ownership interest in leasehold properties in Hong Kong held for own use, carried at depreciated cost, with remaining lease term of 50 years or more	126,062	128,856

The analysis of expense item in relation to leases is as follows:

	2023 HK\$'000	2022 HK\$'000
Depreciation charge of leasehold properties	2,794	2,794

The Group holds a commercial building as its headquarter. The Group is the registered owner of the property interest, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire this property interest from its previous registered owner, and there is no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authority. These payments vary from time to time and are payable to the relevant government authority.

16. INVESTMENT PROPERTIES

	2023 HK\$'000	2022 HK\$'000
Fair value:		
At beginning of the year	865,873	976,946
Additions	298	16,559
Disposal	(17,600)	–
Loss in fair value	(11,407)	(110,502)
Exchange difference	195	(17,130)
At end of the year	837,359	865,873

16. INVESTMENT PROPERTIES (cont'd)

Analysis of carrying amount of investment properties is as follows:

	2023 HK\$'000	2022 HK\$'000
In Hong Kong		
– 10 to 50 years (medium leases)	138,300	147,800
– Over 50 years (long leases)	612,600	628,700
	750,900	776,500
In Japan		
– Freehold	32,086	31,277
In United Kingdom		
– Freehold	54,373	58,096
	837,359	865,873

The Group holds investment properties to lease out under operating leases (Note 32). The Group is the registered owner of the property interests of these investment properties. There are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

The fair value of the Group's investment properties at 30 June 2023 has been arrived at on market value basis carried out by the independent professional valuer, Ascent Partners Valuation Service Limited, who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. Fair values as at 30 June 2023 are determined using direct comparison approach. The comparison is made based on prices realised on actual sales of comparable properties. Comparable properties with similar size, characteristics and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

Significant unobservable inputs	Range
Quality of properties	–55% to 10% (2022: –58% to 5%)

The higher the differences in the quality of the Group's properties and the comparable properties would result in corresponding higher or lower fair value.

The fair value of all the investment properties is a level 3 recurring fair value measurement. During the year, there were no transfers between level 1 and level 2, and no transfers into or out of level 3.

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

17. INTANGIBLE ASSETS

	Cryptocurrencies	
	2023 HK\$'000	2022 HK\$'000
At 1 July		
Cost	3,937	1,555
Accumulated impairment	(1,544)	(113)
Net carry amount	2,393	1,442
Year ended 30 June		
Opening net book amount	2,393	1,442
Additions	34	2,385
Disposals	(1,639)	(3)
Reversal of /(Provision for) impairment	556	(1,431)
Closing net book amount	1,344	2,393
At 30 June		
Cost	2,332	3,937
Accumulated impairment	(988)	(1,544)
Net carry amount	1,344	2,393
Representing:		
Bitcoins ("BTC")	474	308
Ethers ("ETC")	870	480
USD Coin ("USDC")	–	1,605
	1,344	2,393

As at 30 June 2023, the Group estimated the recoverable amounts of intangible assets held by the Group, in form of cryptocurrencies, which were determined based on their estimated fair values arrived at using available information for the reference prices in the relevant cryptocurrencies markets. The recoverable amounts were categorised under level 1 fair value hierarchy as the fair values were based on a quoted (unadjusted) market price in active markets for identical assets. As at 30 June 2023, the recoverable amount of intangible assets was HK\$1,344,000 (2022: HK\$2,393,000). Reversal of impairment loss on intangible assets amounted to HK\$556,000 (2022: Provision for impairment loss of HK\$1,431,000) was recognised in profit or loss for the year.

18. SUBSIDIARIES

The directors of the Company are of the opinion that a complete list of the particulars of all of the subsidiaries is of excessive length and therefore the following list contains only the particulars of the subsidiaries which materially affect the results or assets of the Group. Details of principal subsidiaries as at 30 June 2023 are as follows:

	Place of incorporation/ registration and operations	Place of operations	Nominal value of issued ordinary share capital	Percentage of ownership interests/ voting rights/profit share		Principal activities		
				Directly	Indirectly			
				2023	2022	2023	2022	
World Fair Global Limited	BVI	BVI	Ordinary, United States dollars ("US\$") 1	100	100	-	-	Investment holding
Alpha Easy Limited	BVI	BVI	Ordinary, US\$1	100	100	-	-	Investment holding
Achiever Connect Limited	BVI	HK	Ordinary, US\$1	-	-	100	100	Property investment
Baronesa Limited	BVI	HK	Ordinary, US\$1	-	-	100	100	Property investment
Brilliant Icon Limited	BVI	HK	Ordinary, US\$100	-	-	100	100	Property investment
Celestial Tower Limited	BVI	HK	Ordinary, US\$1	-	-	100	100	Property investment
Clear Access Global Limited	BVI	HK	Ordinary, US\$1	-	-	100	100	Property investment
Costal Talent Limited	BVI	HK	Ordinary, US\$1	-	-	100	100	Property investment
Double Achiever Limited	BVI	HK	Ordinary, US\$1	-	-	100	100	Property investment
Flexwood Limited	BVI	HK	Ordinary, US\$1	-	-	100	100	Property investment
Formal Focus Limited	BVI	HK	Ordinary, US\$1	-	-	100	100	Property investment
Just Central Limited	BVI	HK	Ordinary, US\$1	-	-	100	100	Property investment
Monilea Limited	BVI	HK	Ordinary, US\$1	-	-	100	100	Property investment
Next Excel Limited	BVI	HK	Ordinary, US\$1	-	-	100	100	Property investment
Wealth Tool Limited	BVI	HK	Ordinary, US\$1	-	-	100	100	Property investment
Time Traveller Limited	BVI	HK	Ordinary, US\$1	-	-	100	100	Property investment
Record Champion Limited	BVI	HK	Ordinary, US\$1	-	-	100	100	Property investment
Virtus Architects Limited	HK	HK	Ordinary, HK\$1	-	-	100	100	Provision of renovation services
Moseley No50 Ltd	UK	HK	Ordinary, British Pounds ("GBP") 1	-	-	87.5	87.5	Property development
August Ally Limited	BVI	BVI	Ordinary, US\$1	-	-	100	100	Investment holding
Luck Wise Investment Limited	HK	HK	Ordinary, HK\$1	-	-	100	100	Security investment and trading
Fast Luck Finance Limited	HK	HK	Ordinary, HK\$1	-	-	100	100	Loan financing

19. INTERESTS IN ASSOCIATE

Particulars of associate as at 30 June 2023 and 2022 are as follows:

Name of associate	Particular of issued and paid up share capital	Place of incorporation and operations	Form of business structure	Percentage of ownership interests/ voting rights/ profit share	Principal activities
Gora Holdings Limited	10 ordinary shares of US\$1 each (2022: 10 ordinary share)	BVI	Incorporated	30%	Investment holding

The associate adopts its financial year end dates on 31 December.

The aggregated amounts of financial information as extracted from the financial statements of associate for the years ended 30 June 2023 and 2022 are as follows:

	2023 HK\$'000	2022 HK\$'000
At 30 June		
Current assets	–	–
Non-current assets	–	–
Current liabilities	(489)	(479)
Year ended 30 June		
Revenue	–	–
Loss for the year	–	–

19. INTERESTS IN ASSOCIATE (cont'd)

The Group has discontinued the recognition of its share of losses of associate because the share of losses of the associate had exceeded the Group's interests in it and the Group did not incur legal or constructive obligations or make payments on behalf of the associate. The amounts of unrecognised share of the associate, extracted from the financial statements of associate, both for the years ended 30 June 2023 and 2022 and cumulatively, are as follows:

	2023 HK\$'000	2022 HK\$'000
Unrecognised share of loss of associate for the year	(3)	(19)
Accumulated unrecognised share of loss of associate	(45)	(42)

20. LOAN RECEIVABLES

	2023 HK\$'000	2022 HK\$'000
Loan receivables	35,755	6,565
Less: Loss allowance	(2,248)	–
	33,507	6,565
Reconciliation to the consolidated statement of financial position:		
Non-current	33,507	6,565

Notes:

- (a) These balances due are interest-bearing ranged from 3.33% to 20% (2022: ranged from 3.33% to 20%) per annum and are repayable in 2025. As at 30 June 2023, loan receivables of HK\$26,438,000 (2022: HK\$1,000,000 was secured by the share mortgage and deed of assignment) are secured by the share mortgage, deed of assignments and the guarantee and the remaining balances of HK\$9,317,000 (2022: HK\$5,565,000) are unsecured.
- (b) These balances are not past due. Loss allowance was provided in accordance with the policy set out in Note 3.11(ii) and details of the loss allowance are set out in Note 37.4.

21. OTHER FINANCIAL ASSETS

	Measured at FVOCI		Measured at FVTPL		Measured at amortised cost	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Non-current						
Equity instruments (Note)						
– Listed in Hong Kong *	1,972	3,684	–	–	–	–
– Listed outside Hong Kong *	35,663	29,413	–	–	–	–
	37,635	33,097	–	–	–	–
Financial instruments						
– Unlisted in Hong Kong ^	–	–	–	38,540	–	–
– Unlisted outside Hong Kong ^	–	–	42,968	86,296	–	–
– Unlisted investment funds #	–	–	307,603	277,535	–	–
	–	–	350,571	402,371	–	–
Debt instruments						
– Listed in Hong Kong *	74,243	4,507	–	–	–	–
	74,243	4,507	–	–	–	–
	111,878	37,604	350,571	402,371	–	–
Current						
Equity instruments						
– Listed in Hong Kong *	–	–	–	11	–	–
– Listed outside Hong Kong *	–	–	20	15	–	–
	–	–	20	26	–	–
Debt instruments						
– Listed in Hong Kong *	7,985	5,194	–	–	–	–
– Unlisted outside Hong Kong	–	–	–	–	–	4,762
	7,985	5,194	–	–	–	4,762
	7,985	5,194	20	26	–	4,762

21. OTHER FINANCIAL ASSETS (cont'd)

- * These financial assets are measured at fair values which have been determined directly by reference to published price and quotations in active markets (2022: same).
- ^ These financial assets are measured at fair values which have been determined by reference to the fair values of the underlying assets and liabilities of each instrument (2022: same).
- # Among these financial assets, amount of HK\$63,228,000 (2022: HK\$73,547,000) are measured at fair values which have been determined directly by reference to published price and quotations in markets that are not active and amount of HK\$244,375,000 (2022: HK\$203,988,000) are measured at fair values which have been determined by reference to the fair values of the underlying assets and liabilities of each instrument, respectively (2022: same).

Note: These equity instruments were irrevocably designated at FVOCI as the directors of the Company consider these investments to be strategic in nature.

Movements in other financial assets are summarised as follows:

	Equity instruments at FVOCI		Equity instruments at FVTPL		Financial instruments at FVTPL		Debt instruments at FVOCI		Debt instruments at FVTPL		Debt instrument at amortised cost	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Net carrying amount at beginning of the year	33,097	46,535	26	2,282	402,371	366,430	9,701	37,048	-	24,478	4,762	5,373
Additions	7,056	36,873	-	1,885	60,640	97,583	85,223	3,364	-	-	-	-
Disposals	(2,805)	(43,463)	-	(3,294)	(62,530)	(27,204)	(10,068)	(20,226)	-	(33,508)	(4,762)	-
Changes in fair value (debited)/credited to profit or loss	-	-	(6)	(843)	(52,225)	(26,240)	-	-	-	9,475	-	-
Changes in fair value credited/(debited) to other comprehensive income	287	(6,567)	-	-	-	-	(2,628)	(10,485)	-	-	-	-
Exchange difference	-	(281)	-	(4)	2,315	(8,198)	-	-	-	(445)	-	(611)
Net carrying amount at end of the year	37,635	33,097	20	26	350,571	402,371	82,228	9,701	-	-	-	4,762

As at 30 June 2023 and 2022, debt instruments measured at FVOCI and debt instrument measured at amortised cost were determined to be impaired in accordance with the policy set out in Note 3.11(ii). As at 30 June 2023 and 2022, no debt instrument measured at amortised cost was impaired.

22. PROPERTIES HELD FOR TRADING

	2023 HK\$'000	2022 HK\$'000
In Hong Kong – 10 to 50 years (medium leases)	66,202	67,665
In United Kingdom – Freehold	30,778	38,820
	96,980	106,485

The recoverable amount of properties is assessed at the end of each reporting period with reference to valuations undertaken by an independent professional valuer, Ascent Partners Valuation Service Limited. Such valuations assess the net realisable value of each asset. As at 30 June 2023, the net realisable value of properties held for trading was HK\$96,980,000 (2022: HK\$106,485,000). Write-down of properties held for trading amounted to HK\$282,000 (2022: HK\$888,000) was recognised in profit or loss for the year. This was due to a decrease in the estimated net realisable value of properties held for trading as a result of a change in consumer preferences.

23. TRADE RECEIVABLES

The Group generally allowed a credit period of 1 month (2022: 1 month) to its trade customers.

Based on the invoice dates, all trade receivables as at 30 June 2023 and 2022 were aged within 90 days.

All trade receivables are subject to credit risk exposure. Impairment on trade receivables is recognised based on the accounting policy stated in note 3.11(ii) for the years ended 30 June 2023 and 2022 respectively.

Based on the due dates, trade receivables as at 30 June 2023 and 2022 were neither past due nor credit-impaired.

As at 30 June 2023 and 2022, there was no amount denominated in a currency other than the functional currency of the entity to which they relate.

Trade receivables that were neither past due nor credit-impaired were due from the customers for whom there was no recent history of default.

The directors of the Company consider that the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

24. CASH AND BANK BALANCES

	2023 HK\$'000	2022 HK\$'000
Cash and bank balances	14,699	77,801
Time deposits	124,561	134,763
Total cash and bank balances as stated in the consolidated statement of financial position	139,260	212,564
Time deposits with an original maturity of more than three months	(61,362)	(134,763)
Cash and cash equivalents for the presentation of the consolidated statement of cash flows	77,898	77,801

Cash at banks earn interest at rates of up to 4.84% (2022: 0.28%) per annum based on the daily bank deposits rates. Time deposits earn interest at rates range from 2.45% to 5.50% (2022: range from 1.80% to 2.80%) per annum and are eligible for immediate cancellation without receiving any interest for the last deposit period.

Included in cash and bank balances is an aggregate amount of HK\$48,000 (2022: HK\$53,000) of bank balances denominated in Renminbi ("RMB") placed with the banks in Hong Kong. RMB is not a freely convertible currency.

The directors of the Company consider that the fair values of cash and cash balances are not materially different from their carrying amounts because of the short maturity period on their inception.

25. PLEDGED BANK DEPOSITS

These bank deposits were pledged to secure bank borrowings of HK\$78,094,000 (2022: HK\$136,369,000) (Note 27) of the Group.

26. ACCRUED EXPENSES, OTHER PAYABLES AND DEPOSITS RECEIVED

	2023 HK\$'000	2022 HK\$'000
Current liabilities		
Accrued expenses and other payables	2,062	15,212
Rental deposits received	1,783	3,850
Rental receipt in advance	1,291	955
	5,136	20,017
Non-current liabilities		
Rental deposits received	3,252	1,929

27. BORROWINGS

	2023 HK\$'000	2022 HK\$'000
Current		
Bank borrowings, secured	183,311	219,275
Non-current		
Bank borrowings, secured	939	1,357
	184,250	220,632

As at the reporting dates, the Group's bank borrowings, based on the schedule repayment dates set out in the bank loan agreements and ignored the effect of any repayment on demand clause, are as follows:

	2023 HK\$'000	2022 HK\$'000
Within one year	139,594	174,272
In the second year	2,139	2,431
In the third to fifth years, inclusive	5,805	6,978
Beyond five years	36,712	36,951
	184,250	220,632

All bank borrowings as at 30 June 2023 were secured by 1) guarantees provided by the Company; 2) pledge of leasehold properties (Note 15) with net carrying amount of HK\$126,062,000 (2022: HK\$128,856,000); 3) certain investment properties (Note 16) with net carrying amount of HK\$415,173,000 (2022: HK\$414,496,000) and 4) pledged bank deposits (Note 25) of HK\$108,205,000 (2022: HK\$164,480,000) of the Group. As at 30 June 2022, the financial instruments at FVTPL (Note 21) with carrying amount of HK\$33,044,000 were pledged to secure bank borrowings of HK\$29,739,000 of the Group.

During the year ended 30 June 2023, effective interest rates of the Group's borrowings were ranged from 0.60% to 6.51% (2022: ranged from 0.60% to 2.60%) per annum.

28. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

Amounts due to non-controlling shareholders are unsecured, interest-free and repayable on demand.

29. DEFERRED TAX

Details of the deferred tax liabilities and (assets) recognised are as follows:

	Accelerated tax allowances HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 July 2021, 30 June 2022 and 1 July 2022	6,282	(1,107)	5,175
Charged/(Credited) to profit or loss (Note 10)	1,289	(3,090)	(1,801)
At 30 June 2023	7,571	(4,197)	3,374

For the purpose of presentation in consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2023 HK\$'000	2022 HK\$'000
Deferred tax liabilities	3,374	5,175

At the end of the reporting period, no provision for deferred taxation has been recognised in respect of the tax losses of HK\$155,699,000 (2022: HK\$128,198,000) as these tax losses are subject to the final agreement with the tax authorities of the relevant jurisdictions and there is the unpredictability of future profit streams against which the tax losses can be utilised. The tax losses do not expire under relevant tax legislations. In addition, the temporary difference arising from the excess of depreciation charged in the consolidated financial statements over depreciation allowance claimed for tax purpose of HK\$409,000 was not recognised as at 30 June 2023 (2022: HK\$778,000) due to the unpredictability of future profit streams against which this temporary difference can be utilised.

30. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares Authorised:		
At 1 July 2021, 30 June 2022, 1 July 2022 and 30 June 2023 (HK\$0.10 each)	1,000,000	100,000
Issued and fully paid:		
At 1 July 2021, 30 June 2022 and 1 July 2022 (HK\$0.10 each)	560,813	56,081
Shares issued upon exercise of share options (Note)	6,100	610
At 30 June 2023 (HK\$0.10 each)	566,913	56,691

Note:

On 24 June 2022, the directors of the Company exercised 6,100,000 share options (Note 31) to convert to ordinary shares of HK\$0.10 each at a price of HK\$0.306 per share. The shares were issued on 7 July 2022, with total consideration of HK\$1,867,000, which was recognised in share capital and share premium of HK\$610,000 and HK\$1,257,000 respectively. In addition, an amount of HK\$462,000 was transferred from the share-based payment reserve to share premium upon the shares issued.

31. SHARE-BASED PAYMENTS

The Company adopted a new share option scheme (the "2021 Share Option Scheme") at the annual general meeting held on 26 November 2021 (the "2021 AGM").

The principal terms of the 2021 Share Option Scheme are set out as follows:

The 2021 Share Option Scheme shall be valid and effective for a period of ten years commencing on 26 November 2021. The purpose of the 2021 Share Option Scheme is to enable the Company to grant options to the selected persons as incentives or rewards for their contribution to the Company and its subsidiaries.

Eligible participants of the 2021 Share Option Scheme include any employees, non-executive directors (including any independent non-executive directors) of the Company and any of its subsidiaries.

31. SHARE-BASED PAYMENTS *(cont'd)*

Total number of shares in respect of which options may be granted under the 2021 Share Option Scheme and any other share option schemes of the Company, is not exceeding 10% of the total number of shares in issue on 26 November 2021 or at the renewal of such limit. Under the 2021 Share Option Scheme, the Company may obtain an approval from its shareholders to refresh the above mentioned 10% limit.

Notwithstanding anything hereinbefore contained and subject to the maximum entitlement of each participant hereinafter mentioned, the overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2021 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of the Options granted and to be granted to each participant or grantee (including exercised, cancelled and outstanding Options) in any 12-month period up to and including the relevant offer date shall not exceed 1% of the Shares in issue for the time being (the "Individual Limited"). Any further grant of options in excess of the Individual Limit must be subject to Shareholders' approval at general meeting with such participant or grantee and his or her Close Associates (or his or her Associates if the participants is a Connected Person) abstaining from voting.

An offer shall be deemed to have been accepted and the Option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate letter comprising acceptance of the offer duly signed by the grantee with the number of shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company. The exercise period of the share options granted shall be determined by the Board and notified to each grantee and in any event the period shall not be more than ten years from the commencement date. The exercise price of the share options shall be a price determined by the Board at its absolute discretion and notified to a participant and shall be no less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotation sheet issued by the Stock Exchange on the offer date; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the offer date; and (iii) the nominal value of the shares of the Company on the offer date.

31. SHARE-BASED PAYMENTS (cont'd)

The following shows the outstanding position of the share options granted under the share option schemes as at 30 June 2023:

Name or category of grantees	Number of share options					Date of grant of share options	Exercise period (Note a)	Exercise price (HK\$) (Note b)	Adjusted exercise price (HK\$) (Note b)
	At 1 July 2022	Exercised during the year	Granted during the year	Lapsed during the year	At 30 June 2023				
Directors									
Pong Wai San Wilson	2,260,000	-	-	-	2,260,000	3 June 2014	Period 1	0.221	2.21
	2,640,000	-	-	-	2,640,000	17 May 2016	Period 2	0.189	1.89
	4,130,000	-	-	-	4,130,000	26 November 2018	Period 3	0.121	1.21
	5,600,000	-	-	(5,600,000)	-	29 June 2022	Period 6	0.330	N/A
Lee Wing Yin	100,000	-	-	-	100,000	3 June 2014	Period 1	0.221	2.21
	2,718,000	-	-	-	2,718,000	17 May 2016	Period 2	0.189	1.89
	500,000	-	-	-	500,000	26 November 2018	Period 3	0.121	1.21
	500,000	-	-	(500,000)	-	29 June 2022	Period 6	0.330	N/A
Koo Fook Sun Louis	100,000	-	-	-	100,000	26 November 2018	Period 3	0.121	1.21
	100,000	-	-	-	100,000	28 April 2020	Period 4	0.048	0.48
Lung Hung Cheuk	100,000	-	-	-	100,000	26 November 2018	Period 3	0.121	1.21
	100,000	-	-	-	100,000	28 April 2020	Period 4	0.048	0.48
Yeung Wing Yan Wendy	100,000	-	-	-	100,000	26 November 2018	Period 3	0.121	1.21
	100,000	-	-	-	100,000	28 April 2020	Period 4	0.048	0.48
Lai Hin Wing, Henry	100,000	-	-	-	100,000	26 November 2018	Period 3	0.121	1.21
	100,000	-	-	-	100,000	28 April 2020	Period 4	0.048	0.48
	19,248,000	-	-	(6,100,000)	13,148,000				

31. SHARE-BASED PAYMENTS (cont'd)

The following shows the outstanding position of the share options granted under the share option schemes as at 30 June 2022:

Name or category of grantees	Number of share options				Date of grant of share options	Exercise period (Note a)	Exercise price (HK\$) (Note b)	Adjusted exercise price (HK\$) (Note b)
	At 1 July 2021	Exercised during the year	Granted during the year	At 30 June 2022				
Directors								
Pong Wai San Wilson	2,260,000	-	-	2,260,000	3 June 2014	Period 1	0.221	2.21
	2,640,000	-	-	2,640,000	17 May 2016	Period 2	0.189	1.89
	4,130,000	-	-	4,130,000	26 November 2018	Period 3	0.121	1.21
	5,600,000	(5,600,000)	-	-	25 June 2021	Period 5	0.306	N/A
	-	-	5,600,000	5,600,000	29 June 2022	Period 6	0.330	N/A
Lee Wing Yin	100,000	-	-	100,000	3 June 2014	Period 1	0.221	2.21
	2,718,000	-	-	2,718,000	17 May 2016	Period 2	0.189	1.89
	500,000	-	-	500,000	26 November 2018	Period 3	0.121	1.21
	500,000	(500,000)	-	-	25 June 2021	Period 5	0.306	N/A
	-	-	500,000	500,000	29 June 2022	Period 6	0.330	N/A
Koo Fook Sun Louis	100,000	-	-	100,000	26 November 2018	Period 3	0.121	1.21
	100,000	-	-	100,000	28 April 2020	Period 4	0.048	0.48
Lung Hung Cheuk	100,000	-	-	100,000	26 November 2018	Period 3	0.121	1.21
	100,000	-	-	100,000	28 April 2020	Period 4	0.048	0.48
Yeung Wing Yan Wendy	100,000	-	-	100,000	26 November 2018	Period 3	0.121	1.21
	100,000	-	-	100,000	28 April 2020	Period 4	0.048	0.48
Lai Hin Wing, Henry	100,000	-	-	100,000	26 November 2018	Period 3	0.121	1.21
	100,000	-	-	100,000	28 April 2020	Period 4	0.048	0.48
	19,248,000	(6,100,000)	6,100,000	19,248,000				

31. SHARE-BASED PAYMENTS (cont'd)

Notes:

- (a) The vesting date of the share options for Periods 1, 2, 3, 4, 5 and 6 is the date of grant.

Exercise Period 1: 3 June 2014 to 2 June 2024
Exercise Period 2: 17 May 2016 to 16 May 2026
Exercise Period 3: 26 November 2018 to 25 November 2028
Exercise Period 4: 28 April 2020 to 27 April 2025
Exercise Period 5: 25 June 2021 to 24 June 2022
Exercise Period 6: 29 June 2022 to 28 June 2023

- (b) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- (c) The weighted average exercise prices of share options are set out below:

	2023		2022	
	HK\$	Number of shares	HK\$	Number of shares
At beginning of the year	1.228	19,248,000	1.220	19,248,000
Exercised during the year *	–	–	(0.306)	(6,100,000)
Granted during the year	–	–	0.330	6,100,000
Lapsed during the year	(0.330)	(6,100,000)	–	–
At end of the year	0.898	13,148,000	1.228	19,248,000

* On 24 June 2022, 6,100,000 share options were exercised but the shares were issued on 7 July 2022 (Note 30(i)).

- (d) The weighted average remaining contractual life of the share options outstanding at 30 June 2023 was approximately 5.47 years (2022: 4.05 years).

For the year ended 30 June 2022, the fair value of the options granted was HK\$435,000 in aggregate, which was recognised as equity-settled share-based payments expenses in the consolidated income statement. The corresponding amount has been credited to the share-based payment reserve.

For the year ended 30 June 2023, 6,100,000 share options were lapsed, the amount of HK\$435,000 previously recognised as share-based payment reserve was transferred to retained profit. As at 30 June 2023, the Company had 13,148,000 (2022: 19,248,000) share options outstanding under the share option schemes, which represented approximately 2.32% (2022: 3.40%) of the Company's shares in issue at that date. All these options were exercisable as at 30 June 2023 and 2022.

32. OPERATING LEASE COMMITMENTS

As lessor

At 30 June 2023, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	2023 HK\$'000	2022 HK\$'000
Within one year	20,126	18,994
In the second year	10,492	10,075
In the third year	4,575	4,084
In the fourth year	699	3,125
In the fifth year	921	279
Beyond five years	4,217	2,848
	41,030	39,405

The Group leases its properties under operating lease arrangements which run for an initial period of one to fifteen years (2022: one to fifteen years), with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. None of the leases include contingent rentals.

33. CAPITAL COMMITMENTS

	2023 HK\$'000	2022 HK\$'000
Contracted but not provided for:		
Financial instruments at FVTPL	46,511	57,007
Properties held for trading	–	21,250
	46,511	78,257

34. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Borrowings (Note 27) HK\$'000	Amounts due to non-controlling shareholders (Note 28) HK\$'000
At 1 July 2021	234,707	18,231
Changes from financing cash flows:		
New bank borrowings raised	50,462	–
Repayments of borrowings	(44,975)	–
Advances from non-controlling shareholders	–	211
Repayments of amounts due to non-controlling shareholders	–	(16,009)
Total changes from financing cash flows	5,487	(15,798)
Exchange adjustments	(20,730)	(273)
Other changes:		
Interest expenses	2,360	–
Interest paid	(1,192)	–
Total other changes	1,168	–
At 30 June 2022 and 1 July 2022	220,632	2,160
Changes from financing cash flows:		
New bank borrowings raised	194,004	–
Repayments of bank borrowings	(236,963)	–
Advances from non-controlling shareholders	–	70
Total changes from financing cash flows	(42,959)	70
Exchange adjustments	3,788	82
Other changes:		
Interest expenses	6,052	–
Interest paid	(3,263)	–
Total other changes	2,789	–
At 30 June 2023	184,250	2,312

35. FINANCIAL GUARANTEE CONTRACTS

The Company has executed guarantee amounting to HK\$45,476,000 (2022: HK\$43,810,000) with respect to bank borrowings to its subsidiaries and the bank borrowings are also secured against investment properties held by those subsidiaries. Under the guarantees, the Company would be liable to pay the bank if the bank is unable to recover the loans. The fair value of these financial guarantee, as at the dates of initial recognition, were considered insignificant. At the end of the reporting period, management has performed impairment assessment and concluded that there has not been a significant increase in credit risk since initial recognition for these financial contract contracts, accordingly, the loss allowance for financial guarantee contracts issued by the Company is measured at an amount equal to 12 months ECLs. No provision for the Company's obligation under the guarantee contract has been made as the directors consider that the amount required to be made would be insignificant.

36. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties.

	2023 HK\$'000	2022 HK\$'000
Professional fees paid/payable to a related company owned by one of the substantial shareholders of the Company	204	262
Rental income on investment properties received/receivable from related companies owned by one of the substantial shareholders of the Company	3,276	3,276

These transactions were conducted at pre-determined prices in accordance with terms mutually agreed between the Group and these related parties. These transactions are conducted in the normal course of business.

Key management personnel compensation

	2023 HK\$'000	2022 HK\$'000
Short-term employee benefits	9,248	8,777
Equity-settled share-based payments expenses	–	435
Contribution to defined contribution retirement plans	36	36
	9,284	9,248

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from both its operating, investing and financing activities. The Group has various financial assets and liabilities such as trade receivables, other receivables, loan receivables, cash and bank balances, pledged bank deposits, accrued expenses, other payables and deposits received, borrowings and amounts due to non-controlling shareholders, which arise directly from its daily operations.

The main risks arising from the Group's financial instruments are market risk (including interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

37.1 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. Besides time deposits which earn interest at fixed rates, cash at banks earn interest at floating rates of up to 5.50% (2022: 2.80%) per annum, based on the daily bank deposits rates for the year. Any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to the Group. Other than deposits held in banks, the Group holds a portfolio of debt instruments and loan receivables that expose the Group to cash flows and interest rate risk.

As at 30 June 2023, the Group's exposure to interest rate risk on floating interest-bearing financial liabilities mainly came from secured bank borrowings. The interest rates and repayment terms of the Group's borrowings are disclosed in Note 27. The Group currently does not have an interest rate hedging policy. However, the directors monitor interest rate change exposure and will consider hedging significant interest rate exchange exposure should the need arise.

If an increase or decrease of 5% in interest rate was estimated, with all other variables held constant, loss for the year and retained profit would have decreased or increased by approximately HK\$253,000 (2022: HK\$99,000).

The policies to manage interest rate risk have been followed by the Group since prior years and are considered to be effective.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

37.2 Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Following table summarises the Group's major financial assets and liabilities denominated in currencies other than the functional currency of the entity to which they relate as at the end of the reporting period.

	Canadian dollars ("CAD")		EURO dollars ("EURO")		GBP		Japanese yen ("JPY")		RMB		Australian dollars ("AUD")		Singapore dollars ("SGD")	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net foreign currency financial assets/ (liabilities)	46	50	(43,391)	(40,723)	(19,680)	20,487	(7,013)	(13,628)	48	53	2,700	2,808	(5,592)	-

Other than these, almost all of the Group's transactions were carried out in HK\$ and GBP which are the functional currencies of the Group's entities to which the transaction related.

To mitigate the impact of exchange rate fluctuations, the Group's continually assesses and monitors the exposure to foreign currency risk. During the year, management did not consider it necessary to use foreign currency forward contracts to hedge the exposure to foreign currency risk as most of the financial assets and financial liabilities denominated in currencies other than the functional currencies of the entities to which they related are short term foreign currency cash flows (due within 6 months).

For the US\$ foreign exchange exposure, the directors believe the exposure is limited as the exchange rate of US\$ to HK\$ is comparatively stable.

The following table details the Group's sensitivity to a 5% increase and decrease in HK\$ against CAD, EURO, GBP, JPY, RMB, AUD and SGD. The % represents management's assessment of a reasonably possible change in foreign exchange rates over the period until the next annual reporting date. This sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates a decrease in loss and accumulated losses or an increase in profit for the year and retained profit where HK\$ weaken against foreign currencies. For a strengthen situation of HK\$ against the relevant currency, there would be an equal and opposite impact on the loss or profit for the year and accumulated losses and retained profit and the balances below would be negative.

	CAD		EURO		GBP		JPY		RMB		AUD		SGD	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000													
Impact	2	3	(2,170)	(2,036)	(984)	1,024	(351)	(681)	2	3	135	140	(280)	-

The policies to manage foreign currency risk have been followed by the Group since prior year and are considered to be effective.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

37.3 Price risk

Price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to change in market prices of listed equity securities, listed debts investments, unlisted equity instruments and unlisted investment funds in respect of its investments classified as equity instruments at FVOCI, financial instruments at FVTPL, debt instruments at FVOCI and equity instruments at FVTPL.

To manage its market price risk arising from these investments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the board of directors. The policies to manage the price risk have been followed by the Group since prior years and are considered to be effective.

For listed equity securities, listed debts investments, unlisted equity instruments and unlisted investment funds in other financial assets, if the quoted price for these securities increased or decreased by 5%, loss for the year and accumulated losses would have decreased or increased by HK\$17,530,000 (2022: loss for the year would have decreased or increased and retained profit would have increased or decreased by HK\$20,120,000) and other components of equity would have increased or decreased by HK\$5,993,000 (2022: HK\$2,140,000) respectively.

The increase and decrease of 5% in market price of investment represents management's assessment of a reasonably possible change in market price of investments over the period until the next annual reporting date.

37.4 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem. Most of the Group's bank balances are held in major financial institutions in HK and UK, which management believes are of high credit quality.

The Group's trade and other receivables are actively monitored to avoid significant concentration of credit risk. Normally, the Group does not obtain collateral from customers. The Group has adopted a no-business policy with customers lacking an appropriate credit history where credit records are not available.

The listed equity securities, listed debt investments, unlisted equity instruments and unlisted investment funds held by the well-established banks or financial institutions and are not used for hedging purpose. These are mainly entered with banks or financial institutions with sound credit rating and management does not expect any investment counterparty to fail to meet its obligations. In this regard, the Group does not expect to incur material credit losses on managing these financial assets.

In respect of loan receivables, the Group measures loss allowance at an amount of 12 months ECLs, which is calculated by reference to past default experience and current market condition in relation to each debtor's exposure and time value of money where appropriate. The ECLs also incorporate forward looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle the loan receivables. Accordingly, loss allowance of HK\$2,248,000 was recognised as at 30 June 2023 (2022: Nil).

The credit and investment policies have been followed by the Group since prior year and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

37.5 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligation associated with its financial liabilities that are settled by delivering cash or another financial asset. Individual operating entities within the Group are responsible for their own cash management, including short-term investment of cash surpluses and the raising of loans to cover the expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in both short and long terms.

The following tables detail the remaining contractual maturities at each of the reporting dates of the financial liabilities, which are based on the earliest date on which the Group may be required to pay. Specifically, for bank borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lender were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for bank borrowings is prepared based on the scheduled repayment dates.

At the reporting date, the Group's undiscounted cash flows under financial liabilities that have contractual maturities are summarised below:

	Carrying amounts HK\$'000	Contractual undiscounted cash flows		
		Total HK\$'000	Within 1 year or on demand HK\$'000	In 2 to 5 years HK\$'000
30 June 2023				
Accrued expenses, other payables and deposits received	7,097	7,097	3,845	3,252
Borrowings	184,250	201,080	200,072	1,008
Amounts due to non-controlling shareholders	2,312	2,312	2,312	–
	193,659	210,489	206,229	4,260
30 June 2022				
Accrued expenses, other payables and deposits received	20,020	20,020	18,091	1,929
Borrowings	220,632	221,215	219,523	1,692
Amounts due to non-controlling shareholders	2,160	2,160	2,160	–
	242,812	243,395	239,774	3,621

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

37.5 Liquidity risk (cont'd)

The table that follows summarises the maturity analysis of those term loans with repayment on demand clause based on the agreed scheduled repayment dates as set out in the loan agreements. The amounts included interest payments computed using contractual rates. As a result, these amounts are greater than the amounts disclosed in the "on demand" time band in the above maturity analysis. Taking into account the Group's financial position, the directors do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment, the directors believe that such term loans will be repaid in accordance with the scheduled repayment dates as set out in the loan agreements.

	Carrying amounts HK\$'000	Contractual undiscounted cash flows			
		Total HK\$'000	Within 1 year HK\$'000	In 2 to 5 years HK\$'000	Over 5 years HK\$'000
Term loans subject to repayment on demand clause based on scheduled repayments:					
30 June 2023	45,336	62,016	3,050	12,200	46,766
30 June 2022	46,960	52,901	2,480	9,919	40,502

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

37.6 Categories of financial assets and financial liabilities

	2023 HK\$'000	2022 HK\$'000
Financial assets		
At amortised cost:		
– Trade receivables	1,624	1,603
– Other receivables	11,013	7,928
– Loan receivables	33,507	6,565
– Debt instrument	–	4,762
– Cash and bank balances	139,260	212,564
– Pledged bank deposits	108,205	164,480
At FVOCI:		
– Equity instruments	37,635	33,097
– Debt instruments	82,228	9,701
At FVTPL		
– Equity instruments	20	26
– Financial instruments	350,571	402,371
	764,063	843,097
Financial liabilities		
At amortised cost:		
Accrued expenses, other payables and deposits received	7,097	20,020
Borrowings	184,250	220,632
Amounts due to non-controlling shareholders	2,312	2,160
	193,659	242,182

37.7 Fair value

The fair values of the Group's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments.

37.8 Fair value measurements recognised in the consolidated statement of financial position

The following table presents financial assets measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial instruments is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

37.8 Fair value measurements recognised in the consolidated statement of financial position (cont'd)

The financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Notes	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
30 June 2023					
Assets:					
Equity instruments at FVOCI					
– Listed equity securities	(a)	37,635	–	–	37,635
Debt instruments at FVOCI					
– Listed debts investments	(a)	82,228	–	–	82,228
Equity instruments at FVTPL					
– Listed equity securities	(a)	20	–	–	20
Financial instruments at FVTPL					
– Unlisted equity instruments	(b)	–	–	42,968	42,968
– Unlisted investment funds	(c)	–	63,228	244,375	307,603
Total and net fair values		119,883	63,228	287,343	470,454
30 June 2022					
Assets:					
Equity instruments at FVOCI					
– Listed equity securities	(a)	33,097	–	–	33,097
Debt instruments at FVOCI					
– Listed debts investments	(a)	9,701	–	–	9,701
Equity instruments at FVTPL					
– Listed equity securities	(a)	26	–	–	26
Financial instruments at FVTPL					
– Unlisted equity instruments	(b)	–	–	124,836	124,836
– Unlisted investment funds	(c)	–	73,547	203,988	277,535
Total and net fair values		42,824	73,547	328,824	445,195

There have been no significant transfers between levels in the reporting period.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

37.8 Fair value measurements recognised in the consolidated statement of financial position *(cont'd)*

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

(a) Listed equity securities and listed debts investments

Fair values of listed equity securities and listed debt investments have been determined by reference to their quoted bid prices at the reporting date.

(b) Unlisted equity instruments

Fair values of unlisted equity instruments included in level 3 have been determined based on asset-based approach as their major assets are properties held to earn rentals or for capital appreciation or both and the investee does not have sufficient earning history to support the use of other approaches. The value of these properties is adjusted to their fair value at the end of each reporting period for the purpose of determining the Group's share of adjusted net asset value and fair value of the investments.

(c) Unlisted investment funds

Fair values of unlisted investment funds included in level 2 have been determined based on observable market prices which are sourced from broker quotes as provided by financial institutions. Most significant inputs are observable market data including historical trading prices. Fair values of unlisted investment funds included in level 3 have been determined based on asset-based approach as their major assets are held for capital appreciation and the investee does not have sufficient earning history to support the use of other approaches. The value of the assets is adjusted to their fair value at the end of each reporting period for the purpose of determining the Group's share of adjusted net asset value and fair value of the investments.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

37.8 Fair value measurements recognised in the consolidated statement of financial position (cont'd)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value at		Significant unobservable inputs	Range of significant unobservable inputs		Relationship of unobservable inputs to fair value	Sensitivity of fair value to the input(s)
	2023 HK\$'000	2022 HK\$'000		2023	2022		
Unlisted equity instruments	42,968	124,836	N/A	N/A	N/A	Higher the fair value of the underlying investments, higher the fair value and vice versa	5% increase/(decrease) in the fair value of the underlying investments would result in increase/(decrease) in fair value of approximately HK\$2,148,000 (2022: HK\$6,242,000)
			Discount for lack of marketability	-15.80%	-15.80%	Higher the discount rate of lack of marketability, lower the fair value and vice versa	5% increase/(decrease) in the discount for lack of marketability would result in (decrease)/increase in fair value of approximately HK\$2,148,000 (2022: HK\$6,242,000)
Unlisted investment funds	244,375	203,988	N/A	N/A	N/A	Higher the fair value of the underlying investments, higher the fair value and vice versa	5% increase/(decrease) in the fair value of the underlying investments would result in increase/(decrease) in fair value of approximately HK\$12,219,000 (2022: HK\$10,199,000)
			Discount for lack of marketability	-15.80%	-15.80%	Higher the discount for lack of marketability, lower the fair value and vice versa	5% increase/(decrease) in the discount for lack of marketability would result in (decrease)/increase in fair value of approximately HK\$12,219,000 (2022: HK\$10,199,000)

38. CAPITAL RISK MANAGEMENT

The Group's capital management objectives are:

- (a) to ensure the Group's ability to continue as a going concern;
- (b) to provide an adequate return to shareholders;
- (c) to support the Group's sustainable growth; and
- (d) to provide capital for the purpose of potential mergers and acquisitions.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (represented by total liabilities less current tax and deferred tax liabilities as shown in the consolidated statement of financial position) less cash and bank balances and pledged bank deposits. Total capital is calculated as equity, as shown in the consolidated statement of financial position. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

	2023 HK\$'000	2022 HK\$'000
Total borrowings	194,950	244,738
Less: cash and bank balances and pledged bank deposits	(247,465)	(377,044)
Net cash	(52,515)	(132,306)
Total capital	1,616,943	1,685,587
Gearing ratio	N/A	N/A

39. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2023 HK\$'000	2022 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	18	–	–
Property, plant and equipment		12,261	11,679
Equity instruments at FVOCI		4,373	4,549
Financial instruments at FVTPL		31,842	35,563
Debt instruments at FVOCI		3,499	–
Amounts due from subsidiaries		1,461,983	1,543,855
Loan receivables		19,514	124
		1,533,472	1,595,770
Current assets			
Prepayments, deposits and other receivables		5,536	510
Equity instruments at FVTPL		20	14
Cash and bank balances		57,332	107,723
Pledged bank deposits		108,205	164,480
		171,093	272,727
Current liabilities			
Accrued expenses and other payables		290	2,060
Amounts due to subsidiaries		82,565	82,585
Borrowings		105,994	142,123
		188,849	226,768
Net current (liabilities)/assets		(17,756)	45,959
Total assets less current liabilities		1,515,716	1,641,729
Net assets		1,515,716	1,641,729
EQUITY			
Share capital	30	56,691	56,081
Reserves		1,459,025	1,585,548
Total equity		1,515,716	1,641,729

On behalf of the directors

Pong Wilson Wai San
Director

Lee Wing Yin
Director

39. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION (cont'd)

Movements of the reserves of the Company are as follows:

	Share premium HK\$'000	Share-based payment reserve HK\$'000	FVOCI reserve HK\$'000	Retained profits/ (Accumulated losses) HK\$'000	Total HK\$'000
At 1 July 2021	1,570,851	11,867	271	100,316	1,683,305
Equity-settled share-based payments expenses	-	435	-	-	435
Transactions with owners	-	435	-	-	435
Loss for the year	-	-	-	(96,096)	(96,096)
Other comprehensive income:					
Change in fair value of equity instruments at FVOCI	-	-	(1,996)	-	(1,996)
Release of FVOCI reserve upon disposals of equity instruments at FVOCI	-	-	576	(576)	-
Total comprehensive income for the year	-	-	(1,420)	(96,672)	(98,092)
At 30 June 2022 and 1 July 2022	1,570,851	12,302	(1,149)	3,644	1,585,648
Transfer upon lapse of share option	-	(435)	-	435	-
Shares issued upon exercise of share options (Note 30)	1,719	(462)	-	-	1,257
Transactions with owners	1,719	(897)	-	435	1,257
Loss for the year	-	-	-	(127,764)	(127,764)
Other comprehensive income:					
Change in fair value of equity instruments at FVOCI	-	-	(138)	-	(138)
Loss allowance on debt instruments at FVOCI	-	-	22	-	22
Total comprehensive income for the year	-	-	(116)	(127,764)	(127,880)
At 30 June 2023	1,572,570	11,405	(1,265)	(123,685)	1,459,025

Share premium arises from the shares issued at a premium. Under the Companies Law of the Cayman Islands, share premium is available for distributions or paying dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the dividend distribution, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles of Association of the Company, with the sanction of an ordinary resolution, dividends can be declared and paid out of share premium.

40. CHANGE IN OWNERSHIP INTEREST IN A SUBSIDIARY WITHOUT A LOSS OF CONTROL IN PREVIOUS YEAR

On 17 January 2022, the non-controlling shareholder transferred the remaining 49% equity interests of Brilliant Icon Limited to the Group for a cash consideration of HK\$1,009,000. Immediately prior to the transaction, the carrying amount of the 49% non-controlling interests in Brilliant Icon Limited was a deficit balance of HK\$1,268,000. The Group derecognised the HK\$1,268,000 deficit in non-controlling interests and recognised a decrease in equity attributable to owner of the Company of HK\$259,000. The effect of the equity attributable to owners of the Company during the year is summarised as follow:

	2022 HK\$'000
Carrying amount of non-controlling interests derecognised	(1,268)
Consideration received from the non-controlling interests	(1,009)
	(259)

41. EVENTS AFTER THE REPORTING DATE

- (a) Clear Access Global Limited, a wholly owned subsidiary of the Company, as landlord, has entered into the IT Tenancy agreement with iOne Translation Company Limited, as tenant, for a term of two years commencing from 1 July 2023 (the "IT Tenancy Agreement").

The transactions aggregate contemplated under the IT Tenancy Agreement and Tenancy Agreement (collectively, the "Tenancy Agreements") constitute continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios in respect of the aggregate annual cap for the Tenancy Agreements is less than 25% and the annual consideration is less than HK\$10,000,000, the transactions contemplated under the Tenancy Agreements are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the independent Shareholders' approval requirements. Details of the transaction refer to the announcement of the Company dated 15 June 2023.

- (b) The board of Directors had resolved to grant Share Options to the Grantees to subscribe for up to a total of 1,060,000 Shares, subject to acceptance of the Grantees, under the Share Option Scheme. Details of the grant of share options refer to the announcements of the Company dated 14 July 2023 and 18 July 2023.
- (c) On 22 September 2023, August Ally Limited received the redemption confirmation and redeemed its investments in a redeemable unlisted securities in the Apeiron Global Opportunities Fund for an aggregate redemption value of US\$1,671,000 (equivalent to approximately HK\$13,034,000) in cash and estimated to realise an aggregate gain of HK\$2,572,000 in relation to the redemption, as compared to the fair value of the Apeiron Global Opportunities Fund as at 31 December 2022 (or an aggregate gain of HK\$2,250,000 in relation to the redemption, as compared to the fair value of the Apeiron Global Opportunities Fund as at 30 June 2023).

42. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 30 June 2023 were approved and authorised for issue by the board of directors on 26 September 2023.

MAJOR PROPERTIES HELD FOR TRADING AS AT 30 JUNE 2023

Location	Gross floor area (sq. ft.)	Interest attributable to the Group	Existing use
Shops 1 and 2 on Ground Floor and External Signage Area A and C, Lime Stardom, No. 18 Fir Street and Nos. 3 and 19 Larch Street, Kowloon, Hong Kong	4,877	100%	Shops
Unit 1, 2, 3, 10 & 11 on Ground Floor, Unit 4, 5, 6 & 13 on First Floor and Unit 8 & 14 on Second Floor, No. 50, School Road, Moseley Birmingham, B13 9TG, United Kingdom	9,005	87.5%	Residential

MAJOR INVESTMENT PROPERTIES AS AT 30 JUNE 2023

Location	Interest attributable to the Group	Use	Lease term
Roof of Block C Sea View Estate 8 Watson Road Hong Kong	100%	Commercial	Medium-term lease
Shop 2 on Ground Floor and Shop 3 on Lower Ground 1 Floor Open Side Yard, Signage Areas II and III Grand Scholar 419K Queen's Road West Hong Kong	100%	Commercial	Long-term lease
4th Floor, Kenning Industrial Building 19 Wang Hoi Road, Kowloon, Hong Kong	100%	Industrial	Medium-term lease
6th Floor, 9 Queen's Road Central Hong Kong	100%	Commercial	Long-term lease
Car Park No. 6 on 2nd Floor, Office Nos. 1-3 on 30th Floor and Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong	100%	Commercial	Long-term lease
15th Floor, Far East Consortium Building No. 121 Des Voeux Road Central, Hong Kong	100%	Commercial	Long-term lease
Atlantic House, Tyndall Street Cardiff, CF10 4PP United Kingdom	100%	Commercial	Freehold
Office unit 8 on 9th Floor, Arion Commercial Centre Nos. 2-12 Queen's Road West, Hong Kong	100%	Commercial	Medium-term lease
Units 707-708 on 5th Floor, Skye Niseko 204-7 Aza-Yamada, Kutchan-cho Abuta-gun, Hokkaido, Japan	100%	Residential	Freehold
Units 309-310 on 3rd Floor Tower A, Park Hyatt Niseko Hanazono Residences Aza-Iwaobetsu, Kutchan-cho Abuta-gun, Hokkaido, Japan	100%	Residential	Freehold



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