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

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 183)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2022

FINAL RESULTS

The board of directors (the “Director(s)”) (the “Board”) of Winfull Group Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 30 June 2022 (the “Year”), together with the comparative figures for the year ended 30 June 2021:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	26,452	26,759
Cost of sales		(6,749)	(6,260)
Gross profit		19,703	20,499
Other income	5	11,484	23,901
Administrative expenses and other operating expenses		(43,203)	(33,514)
Fair value (loss)/gain on investment properties		(110,502)	55,133
Fair value gain/(loss) of debt instruments at FVTPL	10	9,475	(4,115)
Fair value (loss)/gain of equity instruments at FVTPL	10	(843)	507
Fair value loss of financial instruments at FVTPL	10	(26,240)	(30,424)
(Loss)/Gain on disposal of debt instruments at FVOCI		(143)	194
(Write-down)/Reversal of write-down of properties held for trading		(888)	2,633
Finance costs		(2,360)	(2,829)
(Loss)/Profit before income tax	6	(143,517)	31,985
Income tax credit	7	989	4,102
(Loss)/Profit for the year		(142,528)	36,087
(Loss)/Profit for the year attributable to:			
Owners of the Company		(144,050)	36,139
Non-controlling interests		1,522	(52)
		(142,528)	36,087
(Loss)/Earnings per share	9		
– Basic		HK(25.69) cents	HK6.46 cents
– Diluted		HK(25.69) cents	HK6.44 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Notes	2022 HK\$'000	2021 HK\$'000
(Loss)/Profit for the year		(142,528)	36,087
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	10	(6,567)	8,974
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Changes in fair value of debt instruments at FVOCI	10	(10,485)	(219)
Release of FVOCI reserve upon disposal of debt instruments at FVOCI		143	398
Exchange differences arising on translation of foreign operations		1,111	1,402
Other comprehensive income for the year, net of tax		(15,798)	10,555
Total comprehensive income for the year		(158,326)	46,642
Total comprehensive income for the year attributable to:			
Owners of the Company		(159,848)	46,694
Non-controlling interests		1,522	(52)
		(158,326)	46,642

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		140,844	145,458
Investment properties		865,873	976,946
Intangible assets		2,393	1,442
Equity instruments at FVOCI	10	33,097	46,535
Financial instruments at FVTPL	10	402,371	366,430
Debt instruments at FVOCI	10	4,507	25,446
Debt instrument at amortised cost	10	–	5,373
Loan receivables		6,565	172
Deposit for leasehold improvement		–	16,249
		1,455,650	1,584,051
Current assets			
Properties held for trading		106,485	67,373
Properties under development		–	37,521
Trade receivables	11	1,603	1,121
Prepayments, deposits and other receivables		8,305	6,647
Loan receivables		–	17,315
Debt instruments at FVOCI	10	5,194	11,602
Debt instruments at FVTPL	10	–	24,478
Debt instrument at amortised cost	10	4,762	–
Equity instruments at FVTPL	10	26	2,282
Cash and bank balances		212,564	183,179
Pledged bank deposits		164,480	201,514
		503,419	553,032
Current liabilities			
Accrued expenses, other payables and deposits received		20,017	11,660
Borrowings		219,275	222,671
Amounts due to non-controlling shareholders		2,160	18,231
Provision for income tax		23,569	24,841
		265,021	277,403
Net current assets		238,398	275,629
Total assets less current liabilities		1,694,048	1,859,680

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities		
Deposits received	1,929	–
Borrowings	1,357	12,036
Deferred tax liabilities	5,175	5,175
	<u>8,461</u>	<u>17,211</u>
Net assets	<u>1,685,587</u>	<u>1,842,469</u>
EQUITY		
Share capital	56,081	56,081
Reserves	1,630,044	1,789,716
	<u>1,686,125</u>	<u>1,845,797</u>
Equity attributable to owners of the Company	1,686,125	1,845,797
Non-controlling interests	(538)	(3,328)
	<u>1,685,587</u>	<u>1,842,469</u>
Total equity	<u>1,685,587</u>	<u>1,842,469</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Equity attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Share-based payment reserve	FVOCI reserve	Other reserve	Retained profit			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2020	55,481	1,568,267	2,242	11,708	(2,281)	1,380	158,963	1,795,760	(3,276)	1,792,484
Equity-settled share-based payments	-	-	-	462	-	-	-	462	-	462
Shares issued upon exercise of share options	600	2,584	-	(303)	-	-	-	2,881	-	2,881
Transactions with owners	600	2,584	-	159	-	-	-	3,343	-	3,343
Profit for the year	-	-	-	-	-	-	36,139	36,139	(52)	36,087
Other comprehensive income:										
Changes in fair value of equity instruments at FVOCI (note 10)	-	-	-	-	8,974	-	-	8,974	-	8,974
Changes in fair value of debts instruments at FVOCI (note 10)	-	-	-	-	(219)	-	-	(219)	-	(219)
Release of FVOCI reserve upon disposals of debts instruments at FVOCI	-	-	-	-	398	-	-	398	-	398
Release of FVOCI reserve upon disposals of equity instruments at FVOCI	-	-	-	-	(754)	-	754	-	-	-
Exchange differences arising on translation of foreign operations	-	-	1,402	-	-	-	-	1,402	-	1,402
Total comprehensive income for the year	-	-	1,402	-	8,399	-	36,893	46,694	(52)	46,642
At 30 June 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 attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Share-based payment reserve	FVOCI reserve	Other reserve	Retained profit	Total		
	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	-	-	-	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 10)	-	-	-	-	(6,567)	-	-	(6,567)	-	(6,567)
Changes in fair value of debts instruments at FVOCI (note 10)	-	-	-	-	(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

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 2022

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. 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 principal activity of the Company is investment holding. During the year, the Company’s subsidiaries (together with the Company referred to as the “Group”) were 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 new and amended HKFRSs – effective 1 July 2021

In the current year, the Group has applied for the first time the following new standards, 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 2021:

2021 Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9, and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

Except as illustrated below, the adoption of new and amended HKFRSs does not have significant impact on the Group’s results and financial position for the current and prior periods that have been prepared or presented.

Interest Rate Benchmark Reform – Phase 2 (Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9, and HKFRS 16)

The amendments provide relief to the Group in respect of certain loans whose contractual terms are affected by interest benchmark reform. See the applicable notes for further details on how the amendments affected the Group.

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 16	Property, Plant and Equipment: Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Annual Improvements to HKFRSs 2018–2020 Cycle	Annual Improvements to HKFRSs 2018–2020 Cycle ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current ³
HK-Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ A date to be determined.

The Group is in the process of making an assessment of what the impact of these amendments 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. SEGMENT INFORMATION

The executive directors have identified the Group's five (2021: five) product and service lines as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

There was no inter-segment sale and transfer during the year (2021: nil).

	2022					Total HK\$'000
	Property Development Business HK\$'000	Property Investment and Trading Business HK\$'000	Security Investment and Trading Business HK\$'000	Money Lending Business HK\$'000	Renovation Business HK\$'000	
Reportable segment revenue:						
From external customers	-	21,844	3,870	738	-	26,452
Reportable segment profit/(loss)	7,896	(102,080)	(2,871)	702	(10)	(96,363)
Bank interest income	-	-	26	-	-	26
Depreciation	-	(3,262)	-	-	-	(3,262)
Fair value loss on investment properties	-	(110,502)	-	-	-	(110,502)
Fair value loss of debt instruments at FVTPL	-	-	(41)	-	-	(41)
Fair value loss of equity instruments at FVTPL	-	-	(842)	-	-	(842)
Fair value loss of financial instruments at FVTPL	10,451	-	(945)	-	-	9,506
Impairment 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	77,656	1,085,511	14,020	3,134	16	1,180,337
Additions to non-current assets	-	16,559	2,385	-	-	18,944
Reportable segment liabilities	36,773	62,816	20	18	27	99,654

	2021					Total HK\$'000
	Property Development Business HK\$'000	Property Investment and Trading Business HK\$'000	Security Investment and Trading Business HK\$'000	Money Lending Business HK\$'000	Renovation Business HK\$'000	
Reportable segment revenue:						
From external customers	–	21,201	3,549	2,009	–	26,759
Reportable segment profit/(loss)	(11,897)	67,832	187	1,853	(10)	57,965
Bank interest income	–	1	3	–	–	4
Depreciation	–	3,251	–	–	–	3,251
Fair value gain on investment properties	–	55,133	–	–	–	55,133
Fair value loss of debt instruments at FVTPL	–	–	(258)	–	–	(258)
Fair value gain of equity instruments at FVTPL	–	–	13	–	–	13
Fair value loss of financial instruments at FVTPL	(10,109)	–	–	–	–	(10,109)
Impairment on intangible assets	–	–	(113)	–	–	(113)
Reversal of write-down of properties held for trading	–	2,633	–	–	–	2,633
Income tax credit	297	3,805	–	–	–	4,102
Reportable segment assets	67,770	1,216,479	8,170	18,425	17	1,310,861
Additions to non-current assets	–	446	1,555	–	–	2,001
Reportable segment liabilities	27,363	96,463	14	9	17	123,866

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue		
Reportable segment revenue	26,452	26,759
Consolidated revenue	<u>26,452</u>	<u>26,759</u>
(Loss)/profit before income tax		
Reportable segment (loss)/gain	(96,363)	57,965
Fair value gain/(loss) of debt instruments at FVTPL	9,516	(3,857)
Fair value (loss)/gain of equity instruments at FVTPL	(1)	494
Fair value loss of financial instruments at FVTPL	(35,746)	(20,315)
(Loss)/gain on disposal of debt instruments at FVOCI	(143)	194
Interest income	7,611	10,235
Dividend income	793	364
Exchange (loss)/gain, net	(8,630)	7,621
Equity-settled share-based payment	(435)	(462)
Corporate salaries and allowances	(14,733)	(13,722)
Corporate professional fees	(533)	(606)
Depreciation on corporate property, plant and equipment	(1,352)	(1,315)
Unallocated corporate income	807	1,107
Unallocated corporate expenses	(4,308)	(5,718)
Consolidated (loss)/profit before income tax	<u>(143,517)</u>	<u>31,985</u>
Assets		
Reportable segment assets	1,180,337	1,310,861
Property, plant and equipment	11,679	13,030
Equity instruments at FVOCI	33,097	46,535
Equity instruments at FVTPL	–	18
Financial instruments at FVTPL	358,795	338,342
Debt instruments at FVOCI	4,507	37,048
Debt instruments at FVTPL	–	20,553
Debt instrument at amortised cost	4,762	5,373
Loan receivables	6,565	172
Corporate cash and bank balances	188,138	162,829
Pledged bank deposits	164,480	201,514
Interest receivables	2,450	745
Other corporate assets	4,259	63
Consolidated total assets	<u>1,959,069</u>	<u>2,137,083</u>
Liabilities		
Reportable segment liabilities	99,654	123,866
Corporate bank borrowings	171,862	170,748
Other corporate liabilities	1,966	–
Consolidated total liabilities	<u>273,482</u>	<u>294,614</u>

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	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Hong Kong	22,587	23,283	919,737	996,000
United Kingdom	3,093	2,962	58,096	90,270
Japan	772	514	31,277	37,576
	26,452	26,759	1,009,110	1,123,846

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) (2021: nil) nor non-current assets were located in the Cayman Islands (2021: nil). The country of domicile is the country where the Company was incorporated.

Revenue from the major customers is as follows:

	2022 HK\$'000	2021 HK\$'000
Customer A (note)	–	3,266
Customer B (note)	4,200	4,200
Customer C (note)	3,093	N/A
Customer D (note)	2,796	N/A
	10,089	7,466

Note:

All were derived from the Property Investment and Trading Business.

Revenue recognition is as follows:

	Property Development Business		Property Investment and Trading Business		Renovation Business		Security Investment and Trading Business		Money Lending Business		Total	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue from leasing	–	–	21,844	21,201	–	–	–	–	–	–	21,844	21,201
Revenue from other sources	–	–	–	–	–	–	3,870	3,549	738	2,009	4,608	5,558
	–	–	21,844	21,201	–	–	3,870	3,549	738	2,009	26,452	26,759

4. 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from other source		
Rental income from investment properties	21,844	21,201
Sale of securities	3,870	3,549
Interest income from money lending	738	2,009
	<u>26,452</u>	<u>26,759</u>

5. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income		
– bank deposits	1,729	1,753
– debt instruments at FVOCI	2,577	4,017
– debt instruments at FVTPL	1,640	2,993
– financial instruments at FVTPL	–	303
– loan receivables	1,767	3,337
Dividend income	917	364
Exchange gain, net	–	7,990
Government grant (<i>note i</i>)	136	405
Rental income from properties held for trading	2,042	1,966
Sundry income	676	773
	<u>11,484</u>	<u>23,901</u>

Note:

- (i) Government grant of HK\$136,000 (2021: HK\$405,000) 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 Group does not have other unfulfilled obligations relating to this program.

6. (LOSS)/PROFIT BEFORE INCOME TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/Profit before income tax is arrived at after charging/(crediting) the following:		
Auditor's remuneration	594	550
Depreciation		
– property, plant and equipment	1,820	1,772
– right-of-use assets included within leasehold properties	2,794	2,794
Employee costs	18,663	19,661
Exchange loss/(gain), net	9,655	(7,990)
Fair value loss/(gain) on investment properties	110,502	(55,133)
Impairment on intangible assets	1,431	113
Write-down/(Reversal of write-down) of properties held for trading	888	(2,633)
Direct operating expenses arising from investment properties that		
– generated rental income during the year	2,013	2,077
– did not generate rental income during the year	465	410
	<u> </u>	<u> </u>

7. 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 the 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 countries.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax – Hong Kong		
Over-provision in respect of prior years	<u>(35)</u>	<u>–</u>
Current tax – Overseas		
Provision for the year	–	1,018
Over-provision in respect of prior years	<u>(954)</u>	<u>(297)</u>
	<u>(954)</u>	<u>721</u>
Deferred tax	<u>–</u>	<u>(4,823)</u>
Total income tax credit	<u>(989)</u>	<u>(4,102)</u>

Reconciliation between income tax credit and accounting (loss)/profit at applicable tax rates:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/Profit before income tax	<u>(143,517)</u>	<u>31,985</u>
Notional tax on profit or loss before income tax, calculated at the rates applicable to profits in the countries concerned	(24,693)	5,227
Tax effect of non-deductible expenses	29,436	2,042
Tax effect of non-taxable revenue	(6,952)	(15,437)
Tax effect of deductible temporary difference not recognised	(1,352)	1,956
Tax effect of unused tax losses not recognised	3,561	2,407
Over-provision in prior years	<u>(989)</u>	<u>(297)</u>
Income tax credit	<u>(989)</u>	<u>(4,102)</u>

8. DIVIDENDS

For the years ended 30 June 2022 and 2021, the directors do not recommend the payment of a final dividend.

9. (LOSS)/EARNINGS PER SHARE

Calculation of basic and diluted (loss)/earnings per share is based on the following data:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/Profit for year attributable to owners of the Company	<u>(144,050)</u>	<u>36,139</u>
	Number of shares	
	2022 <i>'000</i>	2021 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	560,813	559,300
Effect of dilutive potential ordinary shares in respect of share options issued by the Company	<u>–</u>	<u>1,902</u>
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<u>560,813</u>	<u>561,202</u>

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

10. OTHER FINANCIAL ASSETS

	Measured at FVOCI		Measured at FVTPL		Measured at amortised cost	
	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current						
Equity instruments (<i>note</i>)						
– Listed in Hong Kong *	3,684	12,890	–	–	–	–
– Listed outside Hong Kong *	29,413	33,645	–	–	–	–
	<u>33,097</u>	<u>46,535</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Financial instruments						
– Unlisted in Hong Kong ^	–	–	38,540	28,088	–	–
– Unlisted outside Hong Kong ^	–	–	86,296	112,651	–	–
– Unlisted investment funds #	–	–	277,535	225,691	–	–
	<u>–</u>	<u>–</u>	<u>402,371</u>	<u>366,430</u>	<u>–</u>	<u>–</u>
Debt instruments						
– Listed in Hong Kong *	4,507	25,446	–	–	–	–
– Listed outside Hong Kong *	–	–	–	–	–	–
– Unlisted outside Hong Kong @	–	–	–	–	–	5,373
	<u>4,507</u>	<u>25,446</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,373</u>
	<u>37,604</u>	<u>71,981</u>	<u>402,371</u>	<u>366,430</u>	<u>–</u>	<u>5,373</u>
Current						
Equity instruments						
– Listed in Hong Kong *	–	–	11	2,263	–	–
– Listed outside Hong Kong *	–	–	15	19	–	–
	<u>–</u>	<u>–</u>	<u>26</u>	<u>2,282</u>	<u>–</u>	<u>–</u>
Debt instruments						
– Listed in Hong Kong *	5,194	11,602	–	–	–	–
– Listed outside Hong Kong *	–	–	–	3,925	–	–
– Unlisted outside Hong Kong @	–	–	–	20,553	4,762	–
	<u>5,194</u>	<u>11,602</u>	<u>–</u>	<u>24,478</u>	<u>4,762</u>	<u>–</u>
	<u>5,194</u>	<u>11,602</u>	<u>26</u>	<u>26,760</u>	<u>4,762</u>	<u>–</u>

- * These financial assets are measured at fair value which has been determined directly by reference to published price and quotations in active markets (2021: same).
- ^ These financial assets are measured at fair value which has been determined by reference to the fair values of the underlying assets and liabilities of each instrument (2021: same).
- # Among these financial assets, amount of HK\$75,586,000 (2021: HK\$82,957,000) is measured at fair value which has been determined directly by reference to published price and quotations in markets that are not active and amount of HK\$201,949,000 (2021: HK\$142,734,000) is measured at fair value which has been determined by reference to the fair values of the underlying assets and liabilities of each instrument, respectively (2021: same).
- @ Amount of HK\$nil (2021: HK\$20,553,000) is measured at fair value which has been determined by discounted cash flow method and amount of HK\$4,762,000 (2021: HK\$5,373,000) is measured at amortised cost.

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	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Net carrying amount at beginning of the year	46,535	32,665	2,282	-	366,430	328,559	37,048	70,593	24,478	30,852	5,373	4,768
Additions	36,873	13,194	1,885	4,597	97,583	105,191	3,364	24,365	-	2,579	-	-
Disposals	(43,463)	(8,298)	(3,294)	(2,822)	(27,204)	(43,845)	(20,226)	(57,691)	(33,508)	(7,299)	-	-
Changes in fair value (debited)/credited to profit or loss	-	-	(843)	507	(26,240)	(30,424)	-	-	9,475	(4,115)	-	-
Changes in fair value credited/(debited) to other comprehensive income	(6,567)	8,974	-	-	-	-	(10,485)	(219)	-	-	-	-
Exchange difference	(281)	-	(4)	-	(8,198)	6,949	-	-	(445)	2,461	(611)	605
Net carrying amount at end of the year	<u>33,097</u>	<u>46,535</u>	<u>26</u>	<u>2,282</u>	<u>402,371</u>	<u>366,430</u>	<u>9,701</u>	<u>37,048</u>	<u>-</u>	<u>24,478</u>	<u>4,762</u>	<u>5,373</u>

As at 30 June 2022 and 2021, debt instruments measured at FVOCI and debt instrument measured at amortised cost were determined to be impaired when debt instruments are expected to be irrecoverable. As at 30 June 2022 and 2021, no debt instruments measured at FVOCI and debt instrument measured at amortised cost were impaired.

11. TRADE RECEIVABLES

The Group generally allowed a credit period of 1 month (2021: 1 month) to its trade customers.

Based on the invoice dates, all trade receivables as at 30 June 2022 and 2021 were aged within 90 days.

All trade receivables are subject to credit risk exposure. Impairment on trade receivables is recognised when debts are expected to be irrecoverable for the years ended 30 June 2022 and 2021 respectively.

Based on the due dates, no trade receivables as at 30 June 2022 and 2021 was past due nor impaired.

As at 30 June 2022, there was no amount denominated in a currency other than the functional currency of the entity to which they relate (2021: nil).

Receivables that were neither past due nor 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.

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 improved in the fourth quarter of the Year, but the extent of improvement was weaker than expected. As the local epidemic situation generally improved and social distancing measures were relaxed in tandem, there was some revival in domestic activities.

The external environment worsened sharply in the fourth quarter of the Year. Soaring inflation in many advanced economies, which was partly caused by supply-side disruptions and elevated international commodity and energy prices amid the continued tension in Ukraine. The stepping up of monetary policy tightening by many major central banks in response further dampened growth momentum of the global economy. The economy of the United States (the “US”) contracted further in the fourth quarter of the Year amid rampant inflation and sharp monetary policy tightening by the US Federal Reserve (the “US Fed”).

Domestic activities showed some improvement in the fourth quarter of the Year. Local consumption activities revived due to the generally improved local epidemic situation and relaxed social distancing measures in tandem. The Government’s various support measures also helped support demand. However, the momentum in the latter part of the fourth quarter was constrained by the increase in the number of COVID-19 cases and tightened financial conditions.

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. Reflecting the Government’s sustained efforts in raising land supply, the total supply of first-hand flats in the private sector in the coming three to four years would remain at a high level of 98,000 units.

The commercial and industrial property markets 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. Prices of office space on average decreased by 5% in the last four months of the Year, with the prices of Grade A, B and C office decreased by 8%, 1% and 6% respectively. The average rental yields of Grade A, B and C office space were at 2.4%, 2.7% and 2.8% respectively in June 2022.

Prices and rentals of retail shop space stayed virtually unchanged. Compared with the respective peaks in 2018 and 2019, prices and rentals in June 2022 were still 12% and 13% lower respectively. The average rental yield edged down from 2.9% in March to 2.8% in June 2022.

FINANCIAL REVIEW

For the Year, the Group recorded a turnover of approximately HK\$26,452,000, representing a decrease of approximately 1.1% compared with that of approximately HK\$26,759,000 for the last financial year. The decrease in turnover was mainly attributed to the decrease in turnover from loan financing business for the Year.

Loss before income tax of the Group for the Year was approximately HK\$143,517,000, while there was a profit before income tax of approximately HK\$31,985,000 for the last financial year. The loss for the Year was mainly attributable to fair value loss on investment properties and fair value loss on financial instruments and equity 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. Three units have been leased to independent third parties as at 30 June 2022.

The Group considers that this development project in the UK 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 2022, the Group has twelve 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\$110,502,000 (2021: fair value gain of approximately HK\$55,133,000) and a write-down of properties held for trading of approximately HK\$888,000 (2021: a reversal of write-down of approximately HK\$2,633,000). The fair value loss on investment properties is mainly due to the fair loss on the commercial office properties at 9 Queen's Road Central in Hong Kong and in Cardiff, the UK. A more detailed explanation of the fair value loss for these two investment properties will be provided below.

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 2022, a fair value loss for this investment property 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. In a mature and transparent market like Hong Kong with a high degree of information flow, the market approach is deemed to be the best and most reliable approach in valuation when the comparable sales evidences are available and sufficient to substantiate the exercise, given the facts that the comparables can reflect the latest market sentiment and conditions as at the valuation date. Grade A office value is relatively more susceptible to economic cycles, with decreasing demand for commercial lease due to local epidemic and the concerns on uncertainties in Hong Kong and global economy. The transaction dates of the comparables adopted in the valuation were all within 3 months from the valuation date as well they are all within a radius of approximately one kilometer to the subject property. In this connection, priority should be given to the market approach to ensure the accuracy of the valuation.

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.

Atlantic House in Cardiff, United Kingdom

The property is located in Cardiff, the UK with a total net floor area of approximately 42,000 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 and a total cost of approximately HK\$16,559,000 has been incurred which is at the same level of our budget. A local agent has been appointed for leasing of the west wing and 20% of the floor area has been leased as at 30 June 2022.

A fair value loss for this investment property of approximately HK\$38,464,000 has been recognised as at 30 June 2022, which includes the refurbishment costs for west wing incurred up to 30 June 2022. 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 “FTSE” UK Office index. The valuation methodologies of the property are the same as that of previous years. In a mature and transparent market like the UK with a high degree of information flow, the market approach is also deemed to be the best and most reliable approach in valuation when the comparable sales evidences are available and sufficient to substantiate the exercise, given the facts that the comparables can reflect the latest market sentiment and conditions as at the valuation date. Commercial office value in Cardiff, the UK is also susceptible to the regional economic cycles, which has yet to be recovered after the pandemic. The transaction dates of the comparables adopted in the valuation were all within 18 months from the valuation date as well they are all within a radius of approximately two kilometers to the subject property. In this connection, priority should be given to the market approach to ensure the accuracy of the valuation.

Cardiff is the principal office market within Wales and one of the major regional centres in the United Kingdom. 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 4 office units are located on 30th and 13th floors of Universal Trade Centre, No. 3 Arbuthnot Road, Central, Hong Kong. They have a total gross floor area of approximately 5,600 square feet. During the Year, an agreement was signed for disposal of unit on 13th floor with floor area of approximately 1,400 square feet to an independent third party. The transaction was completed after 30 June 2022. Further details of this transaction can be referred to our announcement on 8 April 2022. The remaining three office units on 30th floors 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.

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 21 September 2020 and 31 August 2022.

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. During the Year, the Group acquired the remaining 49% of the equity interests of this property and the Group is holding 100% of the equity interests after the acquisition. Further details of this transaction can be referred to our announcement on 17 January 2022. An advertising agent has been engaged for leasing and management of 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.

Despite the effect of COVID-19, 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\$23,886,000 (2021: approximately HK\$23,167,000), including revenue of approximately HK\$21,844,000 (2021: approximately HK\$21,201,000) and rental income in other income of approximately HK\$2,042,000 (2021: approximately HK\$1,966,000). 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.

During the Year, the Group recorded a net loss in fair value of the investments portfolio in this segment of approximately HK\$3,259,000 (2021: approximately HK\$358,000).

The Group reported a segment loss of approximately HK\$2,871,000 (2021: segment profit of approximately HK\$187,000) during the Year. The Group received interest income from those debt instruments in this segment of approximately HK\$67,000 (2021: approximately HK\$414,000) during the Year. As at 30 June 2022, the carrying amount of the investments in this segment amounted to approximately HK\$7,441,000 (2021: approximately HK\$7,629,000). This value represents an investment portfolio comprising equity instruments and cryptocurrencies.

Loan Financing

During the Year, the Group recorded an interest income from the loan financing business amounting to approximately HK\$738,000 (2021: approximately HK\$2,009,000), representing approximately 3% (2021: approximately 8%) of the total revenue of the Group. Profit derived from loan financing business was approximately HK\$702,000 for the Year (2021: approximately HK\$1,853,000). There are no loans receivable as at 30 June 2022 (2021: carrying amount of loans receivable approximately HK\$17,315,000).

PROSPECTS

Looking forward, the global economy continues to face severe challenges. The soaring inflation and pandemic are still the biggest threats to the world economy for now. While the impacts of soaring inflation and the pandemic have 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 2022, the Group had net current assets of approximately HK\$238,398,000 (2021: approximately HK\$275,629,000) including cash and bank balances of approximately HK\$212,564,000 (2021: approximately HK\$183,179,000).

The gearing ratio was approximately 11% as at 30 June 2022 (2021: 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 2021.

During the Year, the Group financed its operations with its own working capital and bank borrowings. As at 30 June 2022, the secured bank borrowing of the Group was approximately HK\$220,632,000 (2021: approximately HK\$234,707,000), in which approximately HK\$183,681,000 (2021: approximately HK\$195,826,000) are repayable within a period of not exceeding 5 years and approximately HK\$36,951,000 is repayable beyond 5 years (2021: approximately HK\$38,881,000), and there was no other borrowing as at 30 June 2022 (2021: 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

On 23 December 2021, Luck Wise Investment Limited executed the capital contribution agreement in relation to the contribution of RMB20 million by Luck Wise to Tianjin Zhongwei Equity Investment Fund Partnership (Limited Partnership) (the "Partnership"). Luck Wise (as limited partner of the Partnership) and Suzhou Zhongyiwei Private Equity Fund Management Partnership (Limited Partnership) (as general partner of the Partnership) will enter into the limited partnership agreement for the purpose of the establishment of the Partnership.

The Partnership is a limited partnership to be established in the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan, whose principal business is equity or quasi-equity investment in sub-funds and entities in emerging industries. Pursuant to the limited partnership agreement, the Partnership will have a targeted size of RMB1.5 billion (equivalent to about HK\$1.8 billion) and the total capital commitment of Luck Wise is RMB20 million (equivalent to about HK\$23.4 million).

For details of the transaction, please refer to the Company's announcement dated 23 December 2021.

On 29 December 2021, August Ally Limited, a wholly-owned subsidiary of the Company, subscribed for wealth management product offered by China Life Insurance (Overseas) Company Limited, namely, the China Life Wealth Management Product, in an aggregate subscription amount of USD4,825,067.51.

For details of the transaction, please refer to the Company's announcement dated 29 December 2021.

On 17 January 2022, Alpha Easy Limited, a wholly-owned subsidiary of the Company, entered into the conditional sale and purchase agreement with Charm Stand Limited, pursuant to which Alpha Easy Limited shall acquire 49 issued shares of Brilliant Icon Limited, representing 49% of the issued share capital of Brilliant Icon Limited, and all obligations, liabilities and debts owing or incurred by Brilliant Icon Limited to Charm Stand Limited and/or its associates from Charm Stand Limited for a total consideration of HK\$15,000,000.

For details of the transaction, please refer to the Company's announcement dated 17 January 2022.

On 8 April 2022, Baronessa Limited, a wholly-owned subsidiary of the Company, entered into the preliminary sale and purchase agreement with Kindfield Investment Limited and Centaline Property Agency Limited, pursuant to which Baronessa Limited agreed to sell, and Kindfield Investment Limited agreed to purchase, an office unit located in Mid-Levels, Central, Hong Kong, with a gross floor area of approximately 1,431 sq. ft. owned by Baronessa Limited at the consideration of HK\$19,200,000.

For details of the transaction, please refer to the Company's announcement dated 8 April 2022.

On 17 June 2022 (after trading hours), World Fair Global Limited, a wholly-owned subsidiary of the Company, as vendor entered into the agreement with Mr. Au Wing Wah and Ms. Kong Pik Fan, pursuant to which World Fair Global Limited shall sell 20% of the issued share capital of Universal Honor Holdings Limited, and 20% of all obligations, liabilities and debts owing or incurred by Universal Honor Holdings Limited to Mr. Au Wing Wah and Ms. Kong Pik Fan for a total consideration of HK\$40,000,000.

For details of the transaction, please refer to the Company's announcement dated 17 June 2022.

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

	Carrying amount as at 30 June 2022 HK\$'000	Outstanding commitment as at 30 June 2022 HK\$'000	Total of carrying amount and commitment as at 30 June 2022 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 during the Year HK\$'000
<i>NON-CURRENT</i>							
Equity instruments at fair value through other comprehensive income							
Listed in Hong Kong	5,646	3,684	–	3,684	(1,782)	–	441
Listed outside Hong Kong	36,873	29,413	–	29,413	(4,785)	(281)	295
	<u>42,519</u>	<u>33,097</u>	<u>–</u>	<u>33,097</u>	<u>(6,567)</u>	<u>(281)</u>	<u>736</u>
Financial instruments at fair value through profit or loss							
Unlisted in Hong Kong	68,000	38,540	–	38,540	10,452	–	–
Unlisted outside Hong Kong	110,815	86,296	–	86,296	(21,785)	(4,572)	–
Unlisted Investment Funds	311,752	277,535	57,007	334,542	(14,907)	(3,626)	605
	<u>490,567</u>	<u>402,371</u>	<u>57,007</u>	<u>459,378</u>	<u>(26,240)</u>	<u>(8,198)</u>	<u>605</u>
Debt instruments at fair value through other comprehensive income							
Listed in Hong Kong	9,340	4,507	–	4,507	(5,569)	(201)	1,439
	<u>542,426</u>	<u>439,975</u>	<u>57,007</u>	<u>496,982</u>	<u>(38,376)</u>	<u>(8,479)</u>	<u>2,780</u>

	Cost as at 30 June 2022 HK\$'000	Carrying amount as at 30 June 2022 HK\$'000	Outstanding commitment as at 30 June 2022 HK\$'000	Total of carrying amount and commitment as at 30 June 2022 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 during the Year HK\$'000
<i>CURRENT</i>								
Equity instruments at fair value through profit or loss								
Listed in Hong Kong	17	11	-	11	(842)	-	-	124
Listed outside Hong Kong	18	15	-	15	(1)	-	(4)	-
	<u>35</u>	<u>26</u>	<u>-</u>	<u>26</u>	<u>(843)</u>	<u>-</u>	<u>(4)</u>	<u>124</u>
Debt instruments at fair value through profit or loss								
Listed outside Hong Kong	-	-	-	-	(40)	-	-	67
Unlisted outside Hong Kong	-	-	-	-	9,515	-	(445)	1,640
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,475</u>	<u>-</u>	<u>(445)</u>	<u>1,707</u>
Debt instruments at fair value through other comprehensive income								
Listed in Hong Kong	7,588	5,194	-	5,194	(4,916)	58	-	523
Debt instruments at amortised costs								
Unlisted outside Hong Kong	4,967	4,762	-	4,762	-	-	(611)	1,752
	<u>12,590</u>	<u>9,982</u>	<u>-</u>	<u>9,982</u>	<u>3,716</u>	<u>58</u>	<u>(1,060)</u>	<u>4,106</u>
	<u>555,016</u>	<u>449,957</u>	<u>57,007</u>	<u>506,964</u>	<u>(34,660)</u>	<u>(143)</u>	<u>(9,539)</u>	<u>6,886</u>

The total size of carrying amount and outstanding commitment for each of those investments as at 30 June 2022 represents approximately 0.001% to 1.98% of the total assets of the Group as at 30 June 2022. 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 announcement, 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 announcement.

PLEDGE OF ASSETS

As at 30 June 2022, the leasehold properties, certain investment properties and financial instruments at FVTPL with carrying amount of approximately HK\$128,856,000 (2021: approximately HK\$131,650,000), approximately HK\$414,496,000 (2021: approximately HK\$513,771,000) and approximately HK\$33,044,000 (2021: Nil) respectively and bank deposits of approximately HK\$164,480,000 (2021: approximately HK\$201,514,000) were pledged to secure bank borrowings for the Group.

CONTINGENT LIABILITIES

As at 30 June 2022, the Company has no contingent liabilities (2021: Nil).

LEASE AND CONTRACTED COMMITMENTS

As lessor

At 30 June 2022, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year	18,994	23,377
In the second year	10,075	13,039
In the third year	4,084	6,286
In the fourth years	3,125	3,342
In the fifth years	279	2,770
Beyond five years	2,848	–
	39,405	48,814

The Group leases its properties under operating lease arrangements which run for an initial period of one to fifteen years (2021: 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 includes contingent rentals.

CAPITAL COMMITMENTS

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for:		
Financial instruments at FVTPL	57,007	53,935
Properties under development	–	2,203
Properties held for trading	21,250	25,387
	<hr/> 78,257	<hr/> 81,525

FOREIGN EXCHANGE EXPOSURE

The Group's income and expenditure during the Year were denominated in US\$, GBP, EUR, JPY, and HK\$, and most of the assets and liabilities as at 30 June 2022 were denominated in US\$, GBP, EUR, JPY, 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 comparatively stable. However, the Group is exposed to GBP, EUR, JPY and AUD foreign exchange exposure and fluctuation of exchange rates of GBP, EUR, JPY 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 the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group had 17 (2021: 24) employees, including the Directors. Total staff costs (including Directors' emoluments) were approximately HK\$18,663,000 for the Year as compared to approximately HK\$19,661,000 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.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2021: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 22 November 2022 to Friday, 25 November 2022, 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 Monday, 21 November 2022.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report 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.

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.

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 30 March 2012. As at the date of this announcement, the Remuneration Committee consists of four members, of which Mr. Pong is executive Director and the other three are independent non-executive Directors, namely Mr. Koo Fook Sun Louis ("Mr Koo"), Mr. Lung Hung Cheuk ("Mr. Lung") and Ms. Yeung Wing Yan Wendy ("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.

NOMINATION COMMITTEE

According to code provision A.5 of the CG Code, 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 announcement, the Nomination Committee consists of four members, of which Mr. Pong is executive Director and the other three 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.

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.

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 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.

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 announcement, 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 available 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 2021 in conjunction with the external auditor and the unaudited financial statements for 3 months ended 30 September 2021, 6 months ended 31 December 2021 and 9 months ended 31 March 2022;

- 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 2021 which are set out in the annual report of the Company for the year ended 30 June 2021;
- 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 2021 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.

During the Year, the Audit Committee met the Company's auditor two times.

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.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated financial statements and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, BDO Limited, as to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

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.

APPRECIATION

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 and to our clients, consultants and partners for all their valuable assistance offered during this past year.

By order of the Board
Winfull Group Holdings Limited
PONG WILSON WAI SAN
Chairman

Hong Kong, 29 September 2022

As at the date of this announcement, the executive Directors are Mr. Pong Wilson Wai San and Mr. Lee Wing Yin, the non-executive Director is Mr. Lai Hin Wing Henry and the independent non-executive Directors are Mr. Koo Fook Sun Louis, Ms. Yeung Wing Yan Wendy and Mr. Lung Hung Cheuk.