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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

INTERIM RESULTS

The board of directors (the "Director(s)") (the "Board") of Winfull Group Holdings Limited (the "Company") herein presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 31 December 2022 (the "Period") together with the comparative unaudited figures for the corresponding period in 2021 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2022

		Six months ended 31 December	
	Notes	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
Revenue	5	17,368	16,778
Cost of sales		(7,208)	(5,316)
Gross profit		10,160	11,462
Other income	5	8,255	2,840
Administrative expenses and other operating expenses		(15,455)	(14,619)
Gain on disposal of investment properties		1,376	–
Gain/(loss) on disposal of debts instruments at FVOCI		50	(1,436)
Fair value gain on debt instruments at FVTPL		–	1,260
Fair value gain/(loss) on equity instruments at FVTPL		2	(678)
Fair value loss on financial instruments at FVTPL		(14,098)	(6,474)
Fair value loss on investment properties		(6,092)	(57,830)
Reversal of impairment/(impairment) of properties held for trading		1,170	(1,950)
Reversal of impairment loss recognised in respect of intangible assets		8	–
Write off of net deposit paid for acquisition of properties held for trading		(2,977)	–
Finance costs		(2,858)	(1,561)
Loss before income tax	6	(20,459)	(68,986)
Income tax expense	7	(192)	(103)
Loss for the period		(20,651)	(69,089)
Loss for the period attributable to:			
Owners of the Company		(20,639)	(70,859)
Non-controlling interests		(12)	1,770
		(20,651)	(69,089)
Loss per share for loss attributable to owners of the Company for the period	9		
Basic and diluted		HK(3.64) cent	HK(12.64) cent

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2022

	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	(20,651)	(69,089)
Other comprehensive income		
Item that will not be reclassified to profit or loss:		
Changes in fair value of equity instruments at FVOCI	(315)	(834)
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of debt instruments at FVOCI	(1,589)	(5,955)
Release of FVOCI reserve upon disposals of debt instruments at FVOCI	(126)	1,435
Exchange differences arising on translation of foreign operations	–	2,479
Other comprehensive income for the period, net of tax	(2,030)	(2,875)
Total comprehensive income for the period	(22,681)	(71,964)
Total comprehensive income for the period attributable to:		
Owners of the Company	(22,669)	(73,134)
Non-controlling interests	(12)	1,170
	(22,681)	(71,964)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	At 31 December 2022 HK\$'000 (Unaudited)	At 30 June 2022 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		140,548	140,844
Investment properties		842,181	865,873
Intangible assets		796	2,393
Equity instruments at FVOCI	10	39,838	33,097
Financial instruments at FVTPL	10	350,336	402,371
Debt instruments at FVOCI	10	51,392	4,507
Loan receivables	12	28,757	6,565
		1,453,848	1,455,650
Current assets			
Properties held for trading		102,890	106,485
Trade receivables	11	1,362	1,603
Prepayments, deposits and other receivables		7,131	8,305
Debt instruments at FVOCI	10	4,972	5,194
Debt instrument at amortised cost	10	–	4,762
Equity instruments at FVTPL	10	28	26
Cash and bank balances		248,744	212,564
Pledged bank deposits		126,322	164,480
		491,449	503,419
Current liabilities			
Accrued expenses, other payables and deposits received		6,248	20,017
Borrowings		240,054	219,275
Amounts due to non-controlling shareholders		2,227	2,160
Provision for income tax		23,760	23,569
		272,289	265,021
Net current assets		219,160	238,398
Total assets less current liabilities		1,673,008	1,694,048
Non-current liabilities			
Deposit received		1,929	1,929
Borrowings		1,131	1,357
Deferred tax liabilities		5,175	5,175
		8,235	8,461
Net assets		1,664,773	1,685,587
EQUITY			
Share capital	13	56,691	56,081
Reserves		1,608,632	1,630,044
Equity attributable to owners of the Company		1,665,323	1,686,125
Non-controlling interests		(550)	(538)
Total equity		1,664,773	1,685,587

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2022

	Six months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Net cash used in operating activities	(2,200)	(4,524)
Net cash generated from/(used in) investing activities	17,734	(14,797)
Net cash generated from financing activities	20,620	1,878
Net increase/(decrease) in cash and cash equivalents	36,154	(17,443)
Cash and cash equivalents at beginning of period	212,564	183,179
Effect of foreign exchange rate change	26	(3,886)
Cash and cash equivalents at end of period	248,744	161,850
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	49,889	39,313
Short-term deposits	198,855	122,537
	248,744	161,850

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2022

	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 profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
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
Loss for the period	-	-	-	-	-	-	(70,859)	(70,859)	1,770	(69,089)
Other comprehensive income:										
Changes in fair value of equity instruments at FVOCI	-	-	-	-	(834)	-	-	(834)	-	(834)
Changes in fair value of debts instruments at FVOCI	-	-	-	-	(5,955)	-	-	(5,955)	-	(5,955)
Release of FVOCI reserve upon disposals of debt instruments at FVOCI	-	-	-	-	1,435	-	-	1,435	-	1,435
Exchange differences arising on translation of foreign operations	-	-	2,479	-	-	-	-	2,479	-	2,479
Total comprehensive income for the period	-	-	2,479	-	(5,354)	-	(70,859)	(73,734)	1,770	(71,964)
At 31 December 2021	56,081	1,570,851	6,123	11,867	764	1,380	124,997	1,772,063	(1,558)	1,770,505

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2022

	Equity attributable to owners of the Company									
	Share capital	Share premium	Translation reserve	Share-based payment reserve	FVOCI reserve	Other reserve	Retained profits	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
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
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
Shares issued upon exercise of share options (note 13)	610	1,719	-	(462)	-	-	-	1,867	-	1,867
Transaction with owners	610	1,719	-	(462)	-	-	-	1,867	-	1,867
Loss for the period	-	-	-	-	-	-	(20,639)	(20,639)	(12)	(20,651)
Other comprehensive income:										
Change in fair value of equity instruments at FVOCI (note 10)	-	-	-	-	(315)	-	-	(315)	-	(315)
Change in fair value of debts instruments at fair FVOCI (note 10)	-	-	-	-	(1,589)	-	-	(1,589)	-	(1,589)
Release of FVOCI reserve upon disposals of debt instruments at FVOCI	-	-	-	-	(126)	-	-	(126)	-	(126)
Total comprehensive income for the period	-	-	-	-	(2,030)	-	(20,639)	(22,669)	(12)	(22,681)
At 31 December 2022	56,691	1,572,570	4,755	11,840	(20,995)	1,121	39,341	1,665,323	(550)	1,664,773

Other reserve represents the difference between the proportionate share of the carrying amount of its subsidiaries' net liabilities, assignment of debt amount and the consideration received for the disposal of a certain interests in subsidiaries that does not result in loss of control.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business is Unit A, 6th Floor, 9 Queen's Road Central, Hong Kong.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The Group is principally engaged in the investment, trading and development of property and securities investment and trading. There were no significant changes in the Group's operations during the period.

These condensed consolidated interim financial statements are unaudited, but have been reviewed by the audit committee of the Company and approved for issue by the board of directors (the "Board") of the Company on 28 February 2023.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2022 (the "Condensed Financial Report") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

This Condensed Financial Report do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the 2022 Annual Financial Statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The preparation of the Condensed Financial Report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

In preparing the Condensed Financial Report, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2022 Annual Financial Statements.

The Condensed Financial Report have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss ("FVTPL"), equity/debt instruments at fair value through other comprehensive income ("FVOCI") and investment properties which are stated at fair value.

The Condensed Financial Report are presented in Hong Kong Dollars ("HK\$") which is also the functional currency of the Company and all values are rounded to the nearest thousands ("HK\$'000") unless otherwise stated.

In prior years, interest income derived from debt instruments at FVOCI and dividend income derived from equity instruments at FVOCI were included under other income. From 1 July 2022 onwards, due to the reallocation of operating segments, those income generated under the Securities Investment and Trading Business segment are included in Revenue, to more appropriately reflect the performance of the Group. The comparative figures have been restated to conform with the revised presentation.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The HKICPA has issued a number of new or amendments to HKFRSs that are first effective for the current accounting period of the Group.

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial information for the current accounting period:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018–2020 Cycle	Annual Improvements to HKFRSs 2018–2020 Cycle
Amendments to HKFRS 3	Reference to the Conceptual Framework

The application of these new or amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in this Condensed Financial Report and/or disclosures set out in this Condensed Financial Report.

4. SEGMENT INFORMATION

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.

For better reflection of the combined revenue structure and performance measurement after continuous acquisition of securities and other investments during the period of six months ended 31 December 2022 and the corresponding period in 2021, as well as enhance the comparability of the segment results, the operating segments were reallocated during the period. The segment information in 2021 was restated accordingly.

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
Renovation Business:	Provision of renovation services
Securities Investment and Trading Business:	Investment and trading in securities and other investments
Loan Financing Business:	Provision of money lending 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 financial statements prepared under HKFRSs, except that significant change in fair value of financial assets at FVTPL, reclassified from equity to profit or loss on disposals of debt instruments at FVOCI, certain interest income, dividend income, share of results of associates and a joint venture, net exchange loss/gain, equity-settled share-based payments, 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.

4. SEGMENT INFORMATION (cont'd)

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.

There was no inter-segment sale and transfer during the period (six months ended 31 December 2021: Nil).

	Six months ended 31 December 2022 (Unaudited)					
	Property	Property		Securities	Loan	
	Development	Investment	Renovation	Investment	Financing	Total
	Business	and Trading	Business	and Trading	Business	HK\$'000
	HK\$'000	Business	Business	Business	Business	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue:						
From external customers	5,614	10,796	–	958	–	17,368
Reportable segment profit/(loss)	1,305	(1,410)	(1)	(12,862)	(9)	(12,977)
Reportable segment assets	37,330	1,052,307	16	415,564	19,562	1,524,779
	Six months ended 31 December 2021 (Unaudited)					
	Property	Property		Securities	Loan	
	Development	Investment	Renovation	Investment	Financing	Total
	Business	and Trading	Business	and Trading	Business	HK\$'000
	HK\$'000	Business	Business	Business	Business	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Restated)		(Restated)
Reportable segment revenue:						
From external customers	–	10,663	–	5,467	648	16,778
Reportable segment profit/(loss)	(778)	(53,948)	(1)	(3,458)	622	(57,563)
Reportable segment assets	70,222	1,145,465	17	435,905	3,045	1,654,654

4. 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 financial statements as follows:

	Six months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
Revenue		
Reportable segment revenue	17,368	16,778
Consolidated revenue	17,368	16,778
Profit before income tax		
Reportable segment loss	(12,977)	(57,563)
Fair value loss on financial instruments at FVTPL	(1,180)	(2,285)
Fair value gain on equity instruments at FVTPL	2	–
Interest income	5,099	1,198
Dividend income	218	372
Exchange gain/(loss), net	229	(469)
Corporate salaries and allowances	(7,293)	(7,323)
Corporate professional fees	(343)	(269)
Depreciation on corporate property, plant and equipment	(676)	(676)
Unallocated corporate income	572	339
Unallocated corporate expenses	(4,110)	(2,310)
Consolidated loss before income tax	(20,459)	(68,986)

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	
	31 December 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Unaudited) (Restated)	31 December 2022 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Audited)
Hong Kong	9,248	14,977	894,443	919,737
United Kingdom	7,302	1,506	56,192	58,096
Japan	818	295	32,890	31,277
	17,368	16,778	983,525	1,009,110

4. SEGMENT INFORMATION (cont'd)

In the following table, revenue is disaggregated by timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segment.

	Property Development Business		Property Investment and Trading Business		Renovation Business		Security Investment and Trading Business		Loan Financing Business		Total	
	31 December		31 December		31 December		31 December		31 December		31 December	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from leasing	-	-	10,796	10,663	-	-	-	-	-	-	10,796	10,663
Revenue from other sources	5,614	-	-	-	-	-	958	5,467	-	648	6,572	6,115
	5,614	-	10,796	10,663	-	-	958	5,467	-	648	17,368	16,778

5. REVENUE AND OTHER INCOME

The Group's principal activities are disclosed in note 1 to this announcement. Revenue from the Group's principal activities and other income recognised during the period are as follows:

	Six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Revenue		
Rental income from investment properties	10,796	10,663
Bond interest income	958	1,389
Dividend income	-	208
Sale of properties	5,614	-
Sale of securities	-	3,870
Interest income from money lending	-	648
	17,368	16,778
Other income		
Interest income	5,835	1,124
Dividend income	218	372
Rental income from properties held for trading	1,574	1,002
Sundry income	628	342
	8,255	2,840

6. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging/(crediting) the following:

	Six months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Depreciation	2,230	2,349
Directors' remuneration	4,220	4,064
Exchange loss, net	270	578

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 31 December 2021: 16.5%) on the estimated assessable profit arising in Hong Kong for the current period.

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

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2022 (six months ended 31 December 2021: Nil).

9. LOSS PER SHARE

The calculations of basic and diluted loss per share are based on the following data:

	Six months ended 31 December	
	2022 (Unaudited)	2021 (Unaudited)
Loss for the period, attributable to owners of the Company (HK\$'000)	(20,639)	(70,859)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ('000)	566,714	560,813

There were no diluted potential ordinary shares for the six months ended 31 December 2022 and 2021 as the outstanding share options were out of the money for the purpose of the diluted loss per share calculation.

10. OTHER FINANCIAL ASSETS

	Measured at FVOCI		Measured at FVTPL		Measured at amortised cost	
	At 31 December 2022 (Unaudited) HK\$'000	At 30 June 2022 (Audited) HK\$'000	At 31 December 2022 (Unaudited) HK\$'000	At 30 June 2022 (Audited) HK\$'000	At 31 December 2022 (Unaudited) HK\$'000	At 30 June 2022 (Audited) HK\$'000
Non-current						
Equity instruments (note)						
– Listed in Hong Kong*	3,192	3,684	–	–	–	–
– Listed outside Hong Kong*	36,646	29,413	–	–	–	–
	39,838	33,097	–	–	–	–
Financial instruments						
– Unlisted in Hong Kong [^]	–	–	–	38,540	–	–
– Unlisted outside Hong Kong [^]	–	–	81,904	86,296	–	–
– Unlisted investment funds [‡]	–	–	268,432	277,535	–	–
	–	–	350,336	402,371	–	–
Debt instruments						
– Listed in Hong Kong*	51,392	4,507	–	–	–	–
	51,392	4,507	–	–	–	–
	91,230	37,604	350,336	402,371	–	–
Current						
Equity instruments						
– Listed in Hong Kong*	–	–	12	11	–	–
– Listed outside Hong Kong*	–	–	16	15	–	–
	–	–	28	26	–	–
Debt instruments						
– Listed in Hong Kong*	4,972	5,194	–	–	–	–
– Unlisted outside Hong Kong [®]	–	–	–	–	–	4,762
	4,972	5,194	–	–	–	4,762
	4,972	5,194	28	26	–	4,762

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

10. OTHER FINANCIAL ASSETS (cont'd)

- * These financial assets are measured at fair value which has been determined directly by reference to published price and quotations in active markets (30 June 2022: 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 (30 June 2022: same).
- # Among these financial assets, amount of HK\$69,949,000 (30 June 2022: HK\$75,586,000) is measured at fair value which has been determined directly by reference to published price and quotations in active markets and amount of HK\$198,483,000 (30 June 2022: HK\$201,949,000) 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 (30 June 2022: same).
- ⊙ Amount of HK\$nil (30 June 2022: HK\$4,762,000) is measured at amortised cost.

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	
	At 31 December 2022 (Unaudited) HK\$'000	At 30 June 2022 (Audited) 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	14,268	97,583	55,927	3,364	-	-	-	-
Disposals	-	(43,463)	-	(3,294)	(51,974)	(27,204)	(7,675)	(20,226)	-	(33,508)	(4,967)	-
Changes in fair value credited/(debited) to profit or loss	-	-	2	(843)	(14,098)	(26,240)	-	-	-	9,475	-	-
Changes in fair value credited/(debited) to FVOCI reserve	(315)	(6,567)	-	-	-	-	(1,589)	(10,485)	-	-	-	-
Exchange difference	-	(281)	-	(4)	(231)	(8,198)	-	-	-	(445)	205	(611)
Net carrying amount at end of the year	39,838	33,097	28	26	350,336	402,371	56,364	9,701	-	-	-	4,762

As at 31 December 2022 and 30 June 2022, debt instruments measured at FVOCI and debt instrument measured at amortised cost were determined to be impaired in accordance with the accounting policy set out in note 3.12(ii) of 2022 Annual Financial Statements. As at 31 December 2022 and 30 June 2022, no debt instruments measured at FVOCI and debt instrument measured at amortised cost were impaired.

11. TRADE RECEIVABLES

The Group generally allows a credit period of 1 month to its trade customers.

Based on the invoice dates, all trade receivable as at 31 December 2022 and 30 June 2022 were aged within 90 days.

12. LOAN RECEIVABLES

	31 December 2022 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Audited)
Loan receivables	28,757	6,565
Reconciliation to the condensed consolidated statement of financial position:		
Non-current	28,757	6,565
	28,757	6,565

Notes:

- (a) The balances are interest-bearing at 3.33% to 12.00% (30 June 2022: 3.33% to 8.00%) per annum and are repayable in 2025 respectively. Except for loan receivables of HK\$9,320,000 which are unsecured (30 June 2022: HK\$6,565,000), a loan receivable of HK\$19,437,000 is secured by deed of assignment of the borrower's commitment under a mezzanine loan agreement as set out in the announcement of the Company dated 23 December 2022.
- (b) The balances are neither past due nor impaired. Management believes that no impairments is necessary having regard to the creditworthiness of the borrowers and the value of the collateral.

13. SHARE CAPITAL

	31 December 2022		30 June 2022	
	Number of shares	HK\$'000 (Unaudited)	Number of shares	HK\$'000 (Audited)
Authorised:				
Ordinary shares of HK\$0.01 each	1,000,000,000	100,000	1,000,000,000	100,000
	1,000,000,000	100,000	1,000,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK\$0.01 each				
At the beginning of the period	560,812,566	56,081	560,812,566	56,081
Shares issued upon exercise of share options (note)	6,100,000	610	–	–
At the end of the period	566,912,566	56,691	560,812,566	56,081

Note: In July 2022, the Company issued an aggregate of 6,100,000 new ordinary shares of HK\$0.01 each at a price of HK\$0.306 per share to the directors of the Company upon exercise of share option.

14. MATERIAL RELATED PARTY TRANSACTION

The Group had the following material transaction with its related party during the Period:

	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Rental Income on investment properties, received from a related company owned by one of the substantial shareholders of the Company	1,638	1,638

The transaction was conducted at pre-determined price in accordance with terms mutually agreed between the Group and the related party. The transaction is conducted in the normal course of business.

Key management personnel compensation

	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	4,220	4,064

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table presents financial assets measured at fair value in the condensed 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 asset is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (cont'd)

The financial assets measured at fair value in the condensed 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
31 December 2022 (Unaudited)					
Assets:					
Equity instruments at FVOCI					
– Listed equity securities	(a)	39,838	–	–	39,838
Debt instruments at FVOCI					
– Listed debts investments	(a)	56,364	–	–	56,364
Equity instruments at FVTPL					
– Listed equity securities	(a)	28	–	–	28
Financial instruments at FVTPL					
– Unlisted equity instruments	(b)	–	–	81,904	81,904
– Unlisted investment funds	(c)	–	69,949	198,483	268,432
Total and net fair values		96,230	69,949	280,387	446,566
30 June 2022 (Audited)					
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.

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(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

The listed equity securities and listed debts investments are denominated in HK\$ and US\$. Fair values have been determined by reference to their quoted bid prices at the reporting date.

(b) Unlisted equity instruments

The unlisted equity instruments are denominated in US\$ and GBP. Fair values 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

The unlisted investment funds are denominated in US\$, GBP, RMB and EURO. 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. For 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.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (six months ended 31 December 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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

During the Period, the Group was engaged in one property development project in the United Kingdom (the "UK"). The Group also has nine 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 showed a widened year-on-year contraction in the Period. The external environment deteriorated further. Economic growth in the major advanced economies remained modest amid elevated inflation and further stepping up of monetary policy tightening by respective central banks in response. The Mainland economy showed a moderate revival with economic activities constrained by weak global demand and occasional increases in COVID-19 cases in various localities. Tightened financial conditions resulting from the sharp interest rate hikes by the major central banks weighed heavily on domestic demand, though improved labour market conditions and the disbursement of consumption vouchers in August rendered support to private consumption. Business sentiment generally eased amid worsening global economic prospects and tightening financial conditions.

The residential property market softened amid tightened financial conditions as well as weakened global and local economic outlooks. Trading activities reduced notably and flat prices declined during the Period as sentiment turned increasingly cautious. Raising flat supply through increasing land supply is a policy priority of the Government. Reflecting the Government's sustained efforts to increase land and flat supply, total private first-hand flat supply in the coming three to four years would rise to a high level of 95,000 units.

The non-residential property market turned quieter in the Period too amid subdued economic conditions. Trading activities for all major market segments retreated from the first half of 2022. Prices fell, while rentals largely held steady.

Price of office space decreased slightly. Meanwhile, office rentals on average remained virtually unchanged during the Period, but rentals of Grade A and C office space declined by 2% and 1% respectively. Transactions of office space dropped over the Period and is lower than a year earlier. Price of flatted factory space fell during the Period, while rentals rose by 2%.

Prices of retail shop space declined by 4% during the third quarter of 2022, while rentals were virtually unchanged. Compared with the respective peaks in 2018 and 2019, prices and rentals were slightly lower. The average rental yield edged up over the Period.

FINANCIAL REVIEW

For the Period, the Group recorded a turnover of approximately HK\$17,368,000, representing an increase of approximately 3.5% comparing with that of approximately HK\$16,778,000 for the corresponding period of last financial year. The increase in turnover was mainly attributed to the increase in turnover from sale of properties from property development business.

Loss before income tax of the Group for the Period was approximately HK\$20,459,000, representing a decrease of approximately 70.3% comparing with the loss before income tax of approximately HK\$68,986,000 for the corresponding period of last financial year. The loss for the Period was mainly attributable to the fair value loss of financial instruments and fair value loss on investment properties.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2022, the Group had net current assets of approximately HK\$219,160,000 (30 June 2022: approximately HK\$238,398,000), including cash and bank balances of approximately HK\$248,744,000 (30 June 2022: approximately HK\$212,564,000).

The gearing ratio was approximately 12.4% as at 31 December 2022 (30 June 2022: approximately 11.0%). The gearing ratio is derived by dividing the total of borrowings by total assets. The gearing ratio increased slightly for the Period when compared to 30 June 2022 due to additional foreign currency bank loan for new overseas investments.

During the Period, the Group financed its operations with its own working capital and bank borrowings. As at 31 December 2022, the secured bank borrowings of the Group were approximately HK\$241,185,000 (30 June 2022: approximately HK\$220,632,000), in which approximately HK\$205,266,000 (30 June 2022: approximately HK\$183,681,000) were repayable within a period of not exceeding 5 years and approximately HK\$35,919,000 (30 June 2022: approximately HK\$36,951,000) were repayable beyond 5 years, and there was no other borrowing as at 31 December 2022 (30 June 2022: Nil).

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.

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

	Cost as at 31 December 2022 HK\$'000	Carrying amount as at 31 December 2022 HK\$'000	Outstanding commitment as at 31 December 2022 HK\$'000	Total of carrying amount and outstanding commitment as at 31 December 2022 HK\$'000	Gain/(loss) in fair value during the Period HK\$'000	Gain/(loss) on disposal during the Period HK\$'000	Exchange different during the Period HK\$'000	Dividends/ interests received during the Period HK\$'000
<i>NON-CURRENT</i>								
Equity instruments at fair value through other comprehensive income								
Listed in Hong Kong	5,646	3,192	-	3,192	(491)	-	-	-
Listed outside Hong Kong	43,929	36,646	-	36,646	176	-	-	218
	49,575	39,838	-	39,838	(315)	-	-	218
Financial instruments at fair value through profit or loss								
Unlisted in Hong Kong	-	-	-	-	1,412	-	-	-
Unlisted outside Hong Kong	110,815	81,904	-	81,904	(4,392)	-	-	-
Unlisted Investment Funds	310,539	268,432	54,454	322,886	(11,118)	-	(231)	565
	421,354	350,336	54,454	404,790	(14,098)	-	(231)	565
Debt instruments at fair value through other comprehensive income								
Listed in Hong Kong	52,537	51,392	-	51,392	(756)	(154)	-	903
	523,466	441,566	54,454	496,020	(15,169)	(154)	(231)	1,686
<i>CURRENT</i>								
Equity instruments at fair value through profit or loss								
Listed in Hong Kong	17	12	-	12	-	-	-	-
Listed outside Hong Kong	17	16	-	16	2	-	-	-
	34	28	-	28	2	-	-	-
Debt instruments at fair value through other comprehensive income								
Listed in Hong Kong	15,099	4,972	-	4,972	(833)	204	-	128
Debt instruments at amortised costs								
Unlisted outside Hong Kong	-	-	-	-	-	-	205	307
	15,133	5,000	-	5,000	(831)	204	205	435
	538,599	446,566	54,454	501,020	(16,000)	50	(26)	2,121

The total size of carrying amount and outstanding commitment for each of those investments as at 31 December 2022 represents approximately 0.001% to 2.12% of the total assets of the Group as at 31 December 2022. It is the strategy of the Group to seek any opportunistic investments to enhance the yield of the surplus cash held by the Group on medium and long-term basis.

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 Period and there is no plan for material investments or capital assets as at the date of this announcement.

PLEDGE OF ASSETS

As at 31 December 2022, the leasehold properties, certain investment properties and financial instruments at FVTPL with carrying value of approximately HK\$127,459,000 (30 June 2022: approximately HK\$128,856,000), approximately HK\$419,992,000 (30 June 2022: approximately HK\$414,496,000) and approximately HK\$33,044,000 (30 June 2022: approximately HK\$33,044,000) respectively and bank deposits of approximately HK\$126,322,000 (30 June 2022: approximately HK\$164,480,000) were pledged to secure bank borrowings for the Group.

CONTINGENT LIABILITIES

As at 31 December 2022, the Company has no contingent liabilities (30 June 2022: Nil).

LEASE AND CONTRACTED COMMITMENTS

As Lessee

As at 31 December 2022, there was no future minimum lease payment under non-cancellable operating lease payable by the Group (30 June 2022: Nil).

As Lessor

As at 31 December 2022, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	31 December 2022 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Audited)
Within one year	19,477	18,994
In the second year	13,071	10,075
In the third year	3,372	4,084
In the fourth year	1,796	3,125
In the fifth year	670	279
Beyond five years	2,624	2,848
	41,010	39,405

The Group leases its properties under operating lease arrangements which run for an initial period of one to fifteen years (30 June 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

	31 December 2022 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Audited)
Contracted but not provided for:		
Financial instruments at FVTPL	54,454	57,007
Properties held for trading	–	21,250
	54,454	78,257

Save for the above commitment, as at 31 December 2022, neither the Group nor the Company had any other significant commitments.

FOREIGN EXCHANGE EXPOSURE

The Group's income and expenditure during the Period were denominated in United States dollars (the "US\$"), British Pound (the "GBP"), Euro (the "EUR"), HK\$ and Japanese Yen (the "JPY"), and most of the assets and liabilities as at 31 December 2022 were denominated in US\$, GBP, EUR, Renminbi (the "RMB"), Australian dollars (the "AUD"), HK\$ and JPY. 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, RMB and AUD foreign exchange exposure and the fluctuation of exchange rates of GBP, EUR, JPY, RMB and AUD against HK\$ could affect the Group's results of operations. During the Period, 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 of the operations of the Group is set out in note 4 to unaudited condensed consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had 17 (30 June 2022: 17) employees, including Directors. Total staff cost (including Directors' emoluments) was approximately HK\$8,211,000 for the Period as compared to approximately HK\$8,241,000 for the six months ended 31 December 2021. 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.

BUSINESS OVERVIEW

Property Development Business

During the Period, 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 UK Property 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 July 2019. Because of COVID-19, the development was delayed and has been completed in November of 2021. A local agent has been appointed for selling and leasing of the apartments. 14% and 71% of the units have been sold and leased to independent third parties, respectively, as at 31 December 2022.

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 31 December 2022, 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 Period, the Group recorded a fair value loss of investment properties of approximately HK\$6,092,000 (six months ended 31 December 2021: approximately HK\$57,830,000) and a reversal of impairment of properties held for trading of approximately HK\$1,170,000 (six months ended 31 December 2021: impairment loss of approximately HK\$1,950,000).

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.

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 to independent third parties. The Group believes that the property can provide a stable income with long-term appreciation in value.

Atlantic House at 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 was delayed for about 6 months. A local agent has been appointed for leasing of the west wing and 20% of the floor area has been leased as at 31 December 2022.

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

The three 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. The 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.

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 announcement on 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. The Group has engaged an advertising agent in looking for appropriate potential tenant for the signage.

Shops and signage 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.

During the Period, the segment of property investment and trading business recorded a total rental income of approximately HK\$12,370,000 (six months ended 31 December 2021: approximately HK\$11,665,000), including revenue of approximately HK\$10,796,000 (six months ended 31 December 2021: approximately HK\$10,663,000) and rental income in other income of approximately HK\$1,574,000 (six months ended 31 December 2021: approximately HK\$1,002,000). Despite the effect of COVID-19, this segment continued to be the steady income source of the Group.

Securities Investment and Trading

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.

During the Period, the Group recorded a net loss in fair value of its portfolio of approximately HK\$16,064,000 (six months ended 31 December 2021: approximately HK\$7,214,000). The Group reported a segment loss of approximately HK\$12,862,000 (six months ended 31 December 2021: approximately HK\$3,458,000) during the Period. The Group received investment income from investment portfolio for this segment of approximately HK\$1,647,000 (six months ended 31 December 2021: approximately HK\$1,597,000) during the Period. As at 31 December 2022, the carrying amount of the investments for this segment amounted to approximately HK\$410,614,000 (30 June 2022: approximately HK\$370,170,000). 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 31 December 2022 were as below:

	Cost as at 31 December 2022 HK\$'000	Carrying amount as at 31 December 2022 HK\$'000	Gain/(loss) in fair value during the Period HK\$'000	Gain/(loss) on disposal during the Period HK\$'000	Dividends/ interests received during the Period HK\$'000
<i>NON-CURRENT</i>					
Financial instruments	371,720	312,232	(14,330)	–	343
Equity instruments	43,802	35,360	(245)	–	–
Debt instruments	49,076	48,022	(665)	(154)	829
Intangible assets	2,333	796	8	–	–
Loan receivables	9,220	9,220	–	–	347
<i>CURRENT</i>					
Equity instruments	17	12	–	–	–
Debt instruments	15,099	4,972	(832)	204	128

Loan Financing

During the Period, the Group recorded no interest income from the loan financing business (six months ended 31 December 2021: approximately HK\$648,000, representing approximately 3.9% of the total revenue of the Group). The Group reported a segment loss of approximately HK\$9,000 (six months ended 31 December 2021: profit of approximately HK\$622,000) during the Period. Both revenue and profit derived from loan financing business were decreased for the Period since most of the short-term loans have been matured during last financial year.

The carrying amount of loan receivable for loan financing business as at 31 December 2022 was approximately HK\$19,437,000 (30 June 2022: Nil) which is secured by 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 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 100% (30 June 2022: Nil) of the Group's loan receivable at 31 December 2022.

During the Period, the interest rate on the Group's fixed rate loan receivable was 12% (six months ended 31 December 2021: range of 7.8% to 14%) per annum. All loan receivables during the Period are fixed rate loans.

The Group generally provided short-term loan. For the new loan during the Period, it was with a term within 1.5 years, with an extension option for not longer than 2.25 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 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 ("ECL") 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 ECL 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.

At 31 December 2022, no impairment allowance was recognised in profit or loss amounted (31 December 2021: Nil) in its loan financing business.

PROSPECTS

Looking forward, we expect the Hong Kong and global economy to face severe challenges. The outbreak of COVID-19 and its variants continue to be the biggest threat to the Hong Kong and world economy for the year 2023. While the impact of the pandemic has yet to be finished, Hong Kong and 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, 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.

EVENTS AFTER THE PERIOD

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.

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 transactions, please refer to the Company's announcements dated 9 February 2023 and 13 February 2023.

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 six months ended 31 December 2022.

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 six months ended 31 December 2022.

CORPORATE GOVERNANCE PRACTICES

The Company maintains a high standard of corporate governance practices. The Directors believe the long term financial performance as opposed to short term rewards is a corporate governance objective. The Board would not take unique risks to make short term gains at the expense of the long term objectives. The Company has adopted the code provisions set out in part 2 of the Corporate Governance Code contained in Appendix 14 (the "CG Code") to the Listing Rules. The Company has complied with all CG Code during the Period.

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 of the Company on a pro rata basis to existing Shareholders.

AUDIT COMMITTEE

The Company established an audit committee (the "Committee") on 2 May 2002, with the latest written terms of reference adopted on 18 January 2019 in compliance with the Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process, risk management and internal control of the Group. The Committee comprises three independent non-executive Directors, namely Mr. Koo Fook Sun Louis, Mr. Lung Hung Cheuk and Ms. Yeung Wing Yan Wendy. The unaudited consolidated results of the Group for the Period have been reviewed by the Committee, who is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

By Order of the Board
Winfull Group Holdings Limited
Pong Wilson Wai San
Chairman

Hong Kong, 28 February 2023

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