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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 2023**

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 2023 (the "Period") together with the comparative unaudited figures for the corresponding period in 2022 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2023

	Notes	Six months ended 31 December	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	5	18,558	17,368
Cost of sales		(4,800)	(7,208)
Gross profit		13,758	10,160
Other income	5	8,203	8,255
Administrative expenses and other operating expenses		(14,798)	(15,455)
Gain on disposal of investment properties		–	1,376
Gain on disposal of debts instruments at FVOCI		38	50
Fair value (loss)/gain on equity instruments at FVTPL		(2)	2
Fair value loss on financial instruments at FVTPL		(17,120)	(14,098)
Fair value loss on investment properties		(70,639)	(6,092)
Write-down of leasehold properties		(10,465)	–
(Write-down)/reversal of write-down of properties held for trading		(21,743)	1,170
Reversal of loss allowance on debt instruments at FVOCI		181	–
Reversal of impairment loss recognised in respect of intangible assets		340	8
Write off of net deposit paid for acquisition of properties held for trading		–	(2,977)
Finance costs		(4,268)	(2,858)
Loss before income tax	6	(116,515)	(20,459)
Income tax expense	7	–	(192)
Loss for the period		(116,515)	(20,651)
Loss for the period attributable to:			
Owners of the Company		(116,463)	(20,639)
Non-controlling interests		(52)	(12)
		(116,515)	(20,651)
Loss per share for loss attributable to owners of the Company for the period	9		
Basic and diluted		HK(20.54) cent	HK(3.64) cent

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2023

	Six months ended 31 December	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss for the period	(116,515)	(20,651)
Other comprehensive income		
Item that will not be reclassified to profit or loss:		
Changes in fair value of equity instruments at FVOCI	308	(315)
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of debt instruments at FVOCI	(2,770)	(1,589)
Release of FVOCI reserve upon disposals of debt instruments at FVOCI	(745)	(126)
Reversal of loss allowance on debt instruments at FVOCI	(181)	–
Other comprehensive income for the period, net of tax	(3,388)	(2,030)
Total comprehensive income for the period	(119,903)	(22,681)
Total comprehensive income for the period attributable to:		
Owners of the Company	(119,851)	(22,669)
Non-controlling interests	(52)	(12)
	(119,903)	(22,681)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	At 31 December 2023 HK\$'000 (Unaudited)	At 30 June 2023 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		125,896	138,467
Investment properties		767,508	837,359
Intangible assets		1,684	1,344
Loan receivables	12	37,591	33,507
Equity instruments at FVOCI	10	37,250	37,635
Financial instruments at FVTPL	10	317,186	350,571
Debt instruments at FVOCI	10	72,925	74,243
		1,360,040	1,473,126
Current assets			
Properties held for trading		72,642	96,980
Trade receivables	11	1,655	1,624
Prepayments, deposits and other receivables		14,100	12,035
Debt instruments at FVOCI	10	2,858	7,985
Equity instruments at FVTPL	10	18	20
Cash and bank balances		150,046	139,260
Pledged bank deposits		106,079	108,205
		347,398	366,109
Current liabilities			
Accrued expenses, other payables and deposits received		5,214	5,136
Borrowings		171,889	183,311
Amounts due to non-controlling shareholders		2,312	2,312
Provision for income tax		23,968	23,968
		203,383	214,727
Net current assets		144,015	151,382
Total assets less current liabilities		1,504,055	1,624,508
Non-current liabilities			
Deposit received		2,858	3,252
Borrowings		704	939
Deferred tax liabilities		3,374	3,374
		6,936	7,565
Net assets		1,497,119	1,616,943
EQUITY			
Share capital	13	56,691	56,691
Reserves		1,440,906	1,560,678
Equity attributable to owners of the Company		1,497,597	1,617,369
Non-controlling interests		(478)	(426)
Total equity		1,497,119	1,616,943

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2023

	Six months ended 31 December	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Net cash generated from/(used in) operating activities	1,973	(2,200)
Net cash used in investing activities	(36,203)	(3,149)
Net cash (used in)/generated from financing activities	(11,823)	20,620
Net (decrease)/increase in cash and cash equivalents	(46,053)	15,271
Cash and cash equivalents at beginning of period	77,898	77,801
Effect of foreign exchange rate change	(849)	26
Cash and cash equivalents at end of period	30,996	93,098
ANALYSIS OF BALANCES OF CASH AND BANK BALANCES		
Cash and bank balances	13,228	49,889
Short-term deposits	17,768	43,209
Cash and cash equivalents	30,996	93,098
Time deposits with an original maturity of more than three months	119,050	155,646
	150,046	248,744

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2023

	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 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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2023

	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 2023	56,691	1,572,570	1,506	11,405	(19,008)	1,121	(6,916)	1,617,369	(426)	1,616,943
Equity-settled share-based payments expenses	-	-	-	79	-	-	-	79	-	79
Transactions with owners	-	-	-	79	-	-	-	79	-	79
Loss for the period	-	-	-	-	-	-	(116,463)	(116,463)	(52)	(116,515)
Other comprehensive income:										
Changes in fair value of equity instruments at FVOCI	-	-	-	-	308	-	-	308	-	308
Changes in fair value of debts instruments at FVOCI	-	-	-	-	(2,770)	-	-	(2,770)	-	(2,770)
Release of FVOCI reserve upon disposals of debt instruments at FVOCI	-	-	-	-	(745)	-	-	(745)	-	(745)
Release of FVOCI reserve upon disposals of equity instruments at FVOCI	-	-	-	-	35	-	(35)	-	-	-
Reversal of loss allowance on debt instruments at FVOCI	-	-	-	-	(181)	-	-	(181)	-	(181)
Total comprehensive income for the period	-	-	-	-	(3,353)	-	(116,498)	(119,851)	(52)	(119,903)
At 31 December 2023	56,691	1,572,570	1,506	11,484	(22,361)	1,121	(123,414)	1,497,597	(478)	1,497,119

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 Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, 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 2024.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2023 (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 2023 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 2023 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.

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 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKFRS 17	Insurance Contracts

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.

The Group has identified the following reportable segments:

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

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

The measurement policies the Group used for reporting segment results under HKFRS 8 Operating Segments are the same as those used in its financial statements prepared under HKFRSs, except for 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 2022: Nil).

	Six months ended 31 December 2023 (Unaudited)					
	Property Development Business HK\$'000	Property Investment and Trading Business HK\$'000	Securities Investment and Trading Business HK\$'000	Loan Financing Business HK\$'000	Renovation Business HK\$'000	Total HK\$'000
	Reportable segment revenue:					
From external customers	2,472	10,672	2,960	2,454	–	18,558
Reportable segment profit/(loss)	(434)	(97,634)	(13,195)	2,443	(1)	(108,821)
Reportable segment assets	28,902	822,620	432,342	37,650	15	1,321,529

	Six months ended 31 December 2022 (Unaudited)					
	Property Development Business HK\$'000	Property Investment and Trading Business HK\$'000	Securities Investment and Trading Business HK\$'000	Loan Financing Business HK\$'000	Renovation Business HK\$'000	Total HK\$'000
	Reportable segment revenue:					
From external customers	5,614	10,796	958	–	–	17,368
Reportable segment profit/(loss)	1,305	(1,410)	(12,862)	(9)	(1)	(12,977)
Reportable segment assets	37,330	1,052,307	415,564	19,562	16	1,524,779

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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue		
Reportable segment revenue	18,558	17,368
Consolidated revenue	18,558	17,368
Loss before income tax		
Reportable segment loss	(108,821)	(12,977)
Interest income	5,847	5,099
Exchange gain, net	416	229
Equity-settled share-based payment expenses	(79)	–
Corporate salaries and allowances	(7,067)	(7,293)
Corporate professional fees	(332)	(343)
Depreciation on corporate property, plant and equipment	(676)	(676)
Unallocated corporate income	23	792
Unallocated corporate expenses	(5,826)	(5,290)
Consolidated loss before income tax	(116,515)	(20,459)

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 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Audited)
Hong Kong	13,031	9,248	811,280	890,711
United Kingdom	4,736	7,302	52,396	54,373
Japan	791	818	31,412	32,086
	18,558	17,368	895,088	977,170

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		Security Investment and Trading Business		Loan Financing Business		Renovation Business		Total	
	31 December		31 December		31 December		31 December		31 December		31 December	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from leasing	-	-	10,672	10,796	-	-	-	-	-	-	10,672	10,796
Revenue from other sources	2,472	5,614	-	-	2,960	958	2,454	-	-	-	7,886	6,572
	2,472	5,614	10,672	10,796	2,960	958	2,454	-	-	-	18,558	17,368

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	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Rental income from investment properties	10,672	10,796
Bond interest income	2,142	958
Dividend income	818	-
Sale of properties held for trading	2,472	5,614
Interest income from money lending	2,454	-
	18,558	17,368
Other income		
Interest income	5,847	5,835
Dividend income	-	218
Rental income from properties held for trading	1,651	1,574
Sundry income	705	628
	8,203	8,255

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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Depreciation	2,106	2,230
Directors' remuneration	4,427	4,220
Exchange (gain)/loss, net	(562)	270

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 31 December 2022: 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 2023 (six months ended 31 December 2022: 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	
	2023 (Unaudited)	2022 (Unaudited)
Loss for the period, attributable to owners of the Company (HK\$'000)	(116,463)	(20,639)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ('000)	566,913	566,714

There were no diluted potential ordinary shares for the six months ended 31 December 2023 and 2022 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	
	At 31 December 2023 (Unaudited) HK\$'000	At 30 June 2023 (Audited) HK\$'000	At 31 December 2023 (Unaudited) HK\$'000	At 30 June 2023 (Audited) HK\$'000
Non-current				
Equity instruments (Note)				
– Listed in Hong Kong*	1,673	1,972	–	–
– Listed outside Hong Kong*	35,577	35,663	–	–
	37,250	37,635	–	–
Financial instruments				
– Unlisted outside Hong Kong [^]	–	–	26,668	42,968
– Unlisted investment funds [#]	–	–	290,518	307,603
	–	–	317,186	350,571
Debt instruments				
– Listed in Hong Kong*	72,925	74,243	–	–
	72,925	74,243	–	–
	110,175	111,878	317,186	350,571
Current				
Equity instruments				
– Listed in Hong Kong*	–	–	–	–
– Listed outside Hong Kong*	–	–	18	20
	–	–	18	20
Debt instruments				
– Listed in Hong Kong*	2,858	7,985	–	–
	2,858	7,985	–	–
	2,858	7,985	18	20

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 2023: 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 2023: same).
- # Among these financial assets, amount of HK\$53,979,000 (30 June 2023: HK\$63,228,000) is measured at fair value which has been determined directly by reference to published price and quotations in markets and amount of HK\$236,539,000 (30 June 2023: HK\$244,375,000) 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 2023: same).

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	
	At 31 December 2023 (Unaudited) HK\$'000	At 30 June 2023 (Audited) HK\$'000						
Net carrying amount at beginning of the period	37,635	33,097	20	26	350,571	402,371	82,228	9,701
Additions	-	7,056	-	-	50,657	60,640	25,867	85,223
Disposals	(920)	(2,805)	-	-	(66,922)	(62,530)	(29,542)	(10,068)
Changes in fair value debited to profit or loss	-	-	(2)	(6)	(17,120)	(52,225)	-	-
Changes in fair value credited/(debited) to FVOCI reserve	308	287	-	-	-	-	(2,770)	(2,628)
Exchange difference	227	-	-	-	-	2,315	-	-
Net carrying amount at end of the period	37,250	37,635	18	20	317,186	350,571	75,783	82,228

As at 31 December 2023 and 30 June 2023, debt instruments measured at FVOCI were determined to be impaired in accordance with the accounting policy set out in Note 3.11(ii) of 2023 Annual Financial Statements.

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 2023 and 30 June 2023 were aged within 90 days.

12. LOAN RECEIVABLES

	31 December 2023 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Audited)
Loan receivables	39,839	35,755
Less: Loss allowance	(2,248)	(2,248)
	37,591	33,507
Reconciliation to the condensed consolidated statement of financial position:		
Non-current	37,591	33,507

Notes:

- (a) The balances are interest-bearing ranged from 3.33% to 20% (30 June 2023: ranged from 3.33% to 20%) per annum and are repayable in 2025. As at 31 December 2023, loan receivables of HK\$30,639,000 (30 June 2023: HK\$26,438,000) are secured by the share mortgage, deed of assignments and the guarantee and the remaining balances of HK\$9,200,000 (30 June 2023: HK\$9,317,000) are unsecured.
- (b) The balances are not past due. Loss allowance was provided in accordance with the accounting policy set out in Note 3.11(ii) of 2023 Annual Financial Statements.

13. SHARE CAPITAL

	31 December 2023		30 June 2023	
	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/year	566,912,566	56,691	560,812,566	56,081
Shares issued upon exercise of share options (Note)	–	–	6,100,000	610
At the end of the period/year	566,912,566	56,691	566,912,566	56,691

Note: On 7 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 on 24 June 2022 by the directors of the Company.

14. MATERIAL RELATED PARTY TRANSACTION

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

	Six months ended 31 December	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Rental Income on investment properties, received from a related company owned by one of the substantial shareholders of the Company	1,650	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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Short-term employee benefits	4,427	4,220

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 2023 (Unaudited)					
Assets:					
Equity instruments at FVOCI					
– Listed equity securities	(a)	37,250	–	–	37,250
Debt instruments at FVOCI					
– Listed debts investments	(a)	75,783	–	–	75,783
Equity instruments at FVTPL					
– Listed equity securities	(a)	18	–	–	18
Financial instruments at FVTPL					
– Unlisted equity instruments	(b)	–	–	26,668	26,668
– Unlisted investment funds	(c)	–	53,979	236,539	290,518
Total and net fair values		113,051	53,979	263,207	430,237
30 June 2023 (Audited)					
Assets:					
Equity instruments at FVOCI					
– Listed equity securities	(a)	37,635	–	–	37,635
Debt instruments at FVOCI					
– Listed debts investments	(a)	82,228	–	–	82,228
Equity instruments at FVTPL					
– Listed equity securities	(a)	20	–	–	20
Financial instruments at FVTPL					
– Unlisted equity instruments	(b)	–	–	42,968	42,968
– Unlisted investment funds	(c)	–	63,228	244,375	307,603
Total and net fair values		119,883	63,228	287,343	470,454

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 EUR. 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 2022: 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 ten investment properties, which are commercial, industrial properties and residential properties located in Hong Kong, the UK and Japan, and two trading properties, which are commercial properties in Hong Kong.

The Hong Kong economy continued to revive in the second quarter of Year 2024. The weak external demand for goods continued to weigh on export performance. Analysed by major market and by reference to external merchandise trade statistics, export to Mainland fell further in the Period. Business sentiment generally eased in the Period amid the difficult external environment, before showing initial signs of stabilization most recently.

The residential property market turned more sluggish in the second quarter of Year 2024. Market sentiment stayed cautious amid rising local interest rates and the challenging external environment. Trading activities quietened further and flat prices declined during the period. The number of transactions fell visibly and the overall flat prices also fell further. Meanwhile, overall flat rentals rose further during the period.

The non-residential property market was quiet in the second quarter of Year 2024. Trading activities for all major market segments stayed subdued, while rentals generally showed only small changes.

Price of office space decreased further during the Period. Meanwhile, office rentals on average remained virtually unchanged, with the average rentals of Grade B office space declined slightly. Transactions of office space dropped significantly over the Period and is lower than a year earlier. Price of flatted factory space edged down during the Period, while rentals rose by 2%. Transactions of flatted factory space also dropped for the Period.

Rental of retail shop space both stayed virtually unchanged during the third quarter of 2023 while price showed downside risk due to rising interest rate and the changing spending habits – Mainland visitors and weekend activities of Hongkongers. Compared with the respective peaks in 2018 and 2019, prices and rentals were lower.

FINANCIAL REVIEW

For the Period, the Group recorded a turnover of approximately HK\$18,558,000, representing an increase of approximately 6.9% comparing with that of approximately HK\$17,368,000 for the corresponding period of last financial year. The increase in turnover was mainly attributed to the increase in turnover from loan financing business.

Loss before income tax of the Group for the Period was approximately HK\$116,515,000, representing an increase of approximately 469.5% comparing with the loss before income tax of approximately HK\$20,459,000 for the corresponding period of last financial year. The loss for the Period was mainly attributable to the fair value loss on investment properties and write-down of properties held for trading.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2023, the Group had net current assets of approximately HK\$144,015,000 (30 June 2023: approximately HK\$151,382,000), including cash and bank balances of approximately HK\$150,046,000 (30 June 2023: approximately HK\$139,260,000).

The gearing ratio was approximately 10.1% as at 31 December 2023 (30 June 2023: approximately 10%). The gearing ratio is derived by dividing the total of borrowings by total assets. The gearing ratio remains stable for the Period when compared to 30 June 2023.

During the Period, the Group financed its operations with its own working capital and bank borrowings. As at 31 December 2023, the secured bank borrowings of the Group were approximately HK\$172,593,000 (30 June 2023: approximately HK\$184,250,000), in which approximately HK\$136,631,000 (30 June 2023: approximately HK\$147,538,000) were repayable within a period of not exceeding 5 years and approximately HK\$35,962,000 (30 June 2023: approximately HK\$36,712,000) were repayable beyond 5 years.

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

On 22 September 2023, August Ally Limited (“August Ally”) (which is an indirectly wholly-owned subsidiary of the Company) received the redemption confirmation and redeemed its investments in a redeemable unlisted securities in the Apeiron Global Opportunities Fund for an aggregate redemption value of US\$1,671,000 (equivalent to approximately HK\$13,034,000) in cash and estimated to realize an aggregate gain of HK\$2,556,000 in relation to the redemption, as compared to the fair value of the Apeiron Global Opportunities Fund as at 30 June 2023.

For details of the transaction, please refer to the Company’s announcement dated 22 September 2023.

On 5 October 2023, August Ally has disposed of the bonds in the principal amount of US\$1,000,000 (equivalent to approximately HK\$7,800,000) issued by Towngas (Finance) Limited at a total consideration (together with the accrued interests) of approximately US\$990,000 (equivalent to approximately HK\$7,722,000) in the open market.

For details of the transaction, please refer to the Company’s announcement dated 6 October 2023.

On 24 October 2023, August Ally received the redemption confirmation and redeemed part of its investments in a redeemable unlisted securities in the Optimas Global Alpha Fund for an aggregate redemption value of approximately US\$1,246,000 (equivalent to approximately HK\$9,719,000) in cash and estimated to realize an aggregate gain of approximately HK\$129,000 in relation to the redemption, as compared to the fair value of the 7,572.888 shares of non-voting redeemable participating shares in the Optimas Global Alpha Fund as at 30 June 2023.

For details of the transaction, please refer to the Company’s announcement dated 25 October 2023.

During the period from 23 to 24 November 2023, August Ally has acquired from the open market the bonds in an aggregate principal of US\$3,500,000 (equivalent to approximately HK\$27,300,000) issued by Elect Global Investments Limited at an aggregate consideration of approximately US\$3,084,000 (equivalent to approximately HK\$24,055,000).

For details of the transaction, please refer to the Company’s announcement dated 24 November 2023.

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

	Cost as at 31 December 2023 HK\$'000	Carrying amount as at 31 December 2023 HK\$'000	Outstanding commitment as at 31 December 2023 HK\$'000	Total of carrying amount and outstanding commitment as at 31 December 2023 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	1,673	-	1,673	(299)	-	-	-
Listed outside Hong Kong	40,447	35,577	-	35,577	607	-	227	184
	46,093	37,250	-	37,250	308	-	227	184
Financial instruments at fair value through profit or loss								
Unlisted outside Hong Kong	110,815	26,668	-	26,668	(16,300)	-	-	-
Unlisted Investment Funds	325,230	290,518	38,152	328,670	(820)	-	-	634
	436,045	317,186	38,152	355,338	(17,120)	-	-	634
Debt instruments at fair value through other comprehensive income								
Listed in Hong Kong	75,960	72,925	-	72,925	(1,416)	131	-	2,007
	558,098	427,361	38,152	465,513	(18,228)	131	227	2,825
<i>CURRENT</i>								
Equity instruments at fair value through profit or loss								
Listed in Hong Kong	-	-	-	-	-	-	-	-
Listed outside Hong Kong	17	18	-	18	(2)	-	-	-
	17	18	-	18	(2)	-	-	-
Debt instruments at fair value through other comprehensive income								
Listed in Hong Kong	15,576	2,858	-	2,858	(1,354)	(93)	-	135
	15,593	2,876	-	2,876	(1,356)	(93)	-	135
	573,691	430,237	38,152	468,389	(19,584)	38	227	2,960

The total size of carrying amount and outstanding commitment for each of those investments as at 31 December 2023 represents approximately 0.0004% to 1.94% of the total assets of the Group as at 31 December 2023. 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 2023, the leasehold properties, certain investment properties with carrying value of approximately HK\$114,200,000 (30 June 2023: approximately HK\$126,062,000), approximately HK\$371,196,000 (30 June 2023: approximately HK\$415,173,000) respectively and bank deposits of approximately HK\$106,079,000 (30 June 2023: approximately HK\$108,205,000) were pledged to secure bank borrowings for the Group.

CONTINGENT LIABILITIES

As at 31 December 2023, the Company has no contingent liabilities (30 June 2023: Nil).

LEASE AND CONTRACTED COMMITMENTS

As Lessee

As at 31 December 2023, there was no future minimum lease payment under non-cancellable operating lease payable by the Group (30 June 2023: Nil).

As Lessor

As at 31 December 2023, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	31 December 2023 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Audited)
Within one year	19,823	20,126
In the second year	9,317	10,492
In the third year	4,601	4,575
In the fourth year	1,567	699
In the fifth year	696	921
Beyond five years	19,104	4,217
	55,108	41,030

The Group leases its properties under operating lease arrangements which run for an initial period of one to fifteen years (30 June 2023: 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 2023 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Audited)
Contracted but not provided for: Financial instruments at FVTPL	38,152	46,511

Save for the above commitment, as at 31 December 2023, 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 2023 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 2023, the Group had 15 (30 June 2023: 16) employees, including Directors. Total staff cost (including Directors' emoluments) was approximately HK\$7,985,000 for the Period as compared to approximately HK\$8,211,000 for the six months ended 31 December 2022. 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. 29% and 57% of the units have been sold and leased to independent third parties, respectively, as at 31 December 2023.

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 2023, 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 and trading purpose. During the Period, the Group recorded a fair value loss of investment properties of approximately HK\$70,839,000 (six months ended 31 December 2022: approximately HK\$6,092,000) and a write-down of properties held for trading of approximately HK\$21,743,000 (six months ended 31 December 2022: reversal of write-down of properties held for trading of approximately HK\$1,170,000). The fair value loss on investment properties is mainly due to the fair value loss on the commercial office properties at 9 Queen's Road Central and the industrial property at Kenning Industrial Building in Hong Kong.

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 31 December 2023, a fair value loss for this investment property of approximately HK\$42,000,000 and a write-down of leasehold properties of approximately HK\$10,456,000 have 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 the concerns on uncertainties in Hong Kong and global economy. The transaction dates of the comparables adopted in the valuation were all within approximately 9 months from the valuation date as well they are all within the Central and Admiralty business district. 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 to independent third parties. The Group believes that the property can provide a stable income with long-term appreciation in value.

As at 31 December 2023, a fair value loss for this investment property of approximately HK\$14,700,000 has been recognised. The property is valued by market approach also, 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. The transaction dates of the comparables adopted in the valuation were all within approximately 6 months from the valuation date as well they are all within Kowloon Bay business district. In this connection, priority should be given to the market approach to ensure the accuracy of the valuation.

Atlantic House at Cardiff, United Kingdom

The property is located in Cardiff, the UK with a total net floor area of approximately 41,000 square feet. The property consists of two office buildings. The east wing is currently leased to a local law firm for a term of fifteen years plus a further extension of five years, which will be expired in 2031. The refurbishment of west wing was completed in January 2022 and it is designed for multi-let purpose. A local agent has been appointed for leasing of the west wing and 30% of the floor area has been leased as at 31 December 2023.

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\$42,000. 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.

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.

However, prices and rentals of retail shop space both decreased amid the continued weakness in the retail trade during the Period due to rising interest rate and changing spending habits among Mainland visitors and Hongkongers, together with caution on the slower-than-expected retail recovery. A write-down of properties held for trading of approximately HK\$21,743,000 has been recognised.

The shops were 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 shops 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. Considering that retail shop values are relatively more susceptible to economic cycles and can vary substantially due to locational factors such as trade mix and pedestrian flow. The transaction dates of the comparables adopted in the valuation were all within approximately 9 months from the valuation date as well they are all ground floor retail shops with the same character and located within the neighbourhood of Tai Kok Tsui district. In this connection, priority should be given to the market approach to ensure the accuracy of the valuation.

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\$12,323,000 (six months ended 31 December 2022: approximately HK\$12,370,000), including revenue of approximately HK\$10,672,000 (six months ended 31 December 2022: approximately HK\$10,796,000) and rental income in other income of approximately HK\$1,651,000 (six months ended 31 December 2022: approximately HK\$1,574,000). 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\$19,244,000 (six months ended 31 December 2022: approximately HK\$16,064,000). The Group reported a segment loss of approximately HK\$13,195,000 (six months ended 31 December 2022: approximately HK\$12,862,000) during the Period. The Group received investment income from investment portfolio for this segment of approximately HK\$2,960,000 (six months ended 31 December 2022: approximately HK\$1,647,000) during the Period. As at 31 December 2023, the carrying amount of the investments for this segment amounted to approximately HK\$431,921,000 (30 June 2023: approximately HK\$471,798,000). 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 2023 were as below:

	Cost as at 31 December 2023 HK\$'000	Carrying amount as at 31 December 2023 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	436,045	317,186	(17,120)	–	634
Equity instruments	46,093	37,250	308	–	184
Debt instruments	75,960	72,925	(1,416)	131	2,007
Intangible assets	2,333	1,684	340	–	–
<i>CURRENT</i>					
Equity instruments	17	18	(2)	–	–
Debt instruments	15,576	2,858	(1,354)	(93)	135

Loan Financing

During the Period, the Group recorded an interest income from the loan financing business amounting to approximately HK\$2,454,000 (six months ended 31 December 2022: Nil), representing approximately 13.2% (six months ended 31 December 2022: Nil) of the total revenue of the Group. The Group reported a segment profit of approximately HK\$2,443,000 (six months ended 31 December 2022: loss of approximately HK\$9,000) during the Period. Both revenue and profit derived from loan financing business were increased for the Period since the loan receivables were increased during the Period.

The carrying amount of loan receivable for loan financing business as at 31 December 2023 was approximately HK\$37,591,000 (30 June 2023: approximately HK\$33,507,000) which is mainly secured by share mortgage and a deed of assignment of the borrower's commitment under a mezzanine loan agreement with fair value of approximately HK\$27,213,000. 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 52% (30 June 2023: 58%) of the Group's loan receivable at 31 December 2023.

During the Period, the interest rate on the Group's fixed rate loan receivable was ranged from 3.33% to 20% (six months ended 31 December 2022: ranged from 3.33% to 20%) per annum. All loan receivables during the Period are fixed rate loans.

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

The target customer groups of the business are individuals and corporate entities that have short-term 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.

As at 31 December 2023, no loss allowance was recognised in profit or loss (31 December 2022: Nil) in its loan financing business.

PROSPECTS

Looking forward, we expect the Hong Kong and global economy continues to recover and adapt the post-pandemic era. The external environment continued to be challenging for the year 2024. The soaring inflation and on-going geopolitical tension are still the biggest threats to the world economy for now. While the impact of soaring inflation has yet to be finished, 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, 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.

EVENTS AFTER THE PERIOD

On 21 February 2024, the Company received the redemption confirmation and redeemed its investments in a redeemable unlisted securities in the Nomura Funds Ireland Plc for an aggregate redemption value of approximately US\$1,015,000 (equivalent to approximately HK\$7,917,000) in cash and estimated to realize an aggregate gain of approximately HK\$274,000 in relation to the redemption, as compared to the fair value of the 6,701.7462 shares of non-voting redeemable participating shares in the Nomura Funds Ireland Plc as at 30 June 2023.

For the details of the transaction, please refer to the Company's announcement dated 21 February 2024.

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 2023.

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 C3 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 2023.

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 C1 (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, Ms. Yeung Wing Yan Wendy and Mr. Liu Tsee Ming. 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 2024

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. Liu Tsee Ming respectively.