THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Winfull Group Holdings Limited (the "**Company**"), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase, or subscribe for the securities of the Company.

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)

MAJOR AND CONNECTED TRANSACTION: ACQUISITION OF THE ENTIRE EQUITY INTERESTS IN FLEXWOOD LIMITED AND APPLICATION FOR WHITEWASH WAIVER AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent financial adviser to the Connected Transaction Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders

VEDA | CAPITAL
智略資本

A letter from the Board is set out on pages 6 to 22 of this circular. A letter from the Whitewash Independent Board Committee (as defined in this circular) containing its recommendation to the Independent Shareholders is set out on pages 25 to 26 of this circular. A letter from the Connected Transaction Independent Board Committee (as defined in this circular) containing its recommendation to the Independent Shareholders is set out on pages 23 to 24 of this circular. A letter from Veda Capital Limited containing its advice to the Connected Transaction Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders is set out on pages 27 to 49 of this circular.

A notice convening the EGM to be held on Wednesday, 17 May 2017 at 9:30 a.m. at 7/F, Wheelock House, 20 Pedder Street, Central, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours (i.e. 9:30 a.m. on Monday, 15 May 2017) before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish.

28 April 2017

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Acquisition"	the proposed acquisition of the Sale Share and the Sale Loan by the Purchaser pursuant to the Acquisition Agreement
"Acquisition Agreement"	the conditional sale and purchase agreement dated 14 March 2017 and entered into among the Vendor, the Company and the Purchaser in relation to the Acquisition
"acting in concert"	has the meaning ascribed to it in the Takeovers Code
"Announcement"	the announcement dated 14 March 2017 issued by the Company in relation to, among others, the Acquisition and the Whitewash Waiver
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Bank Loan"	the outstanding bank loan owed by the Target Company to bank, which shall not exceed HK$56,400,000 upon Completion
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday or Sunday) on which banks in Hong Kong are open for business
"BVI"	the British Virgin Islands
"Company"	Winfull Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
"Completion"	completion of the Acquisition in accordance with the Acquisition Agreement
"Completion Date"	the date on which the Completion takes place, being the fifth Business Day after the conditions precedent under the Acquisition Agreement have been fulfilled or waived (as the case may be)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules

"Connected Transaction Independent Board Committee"	an independent committee of the Board established which comprises all the independent non-executive Directors to advise the Independent Shareholders on the fairness and reasonableness of terms of the Acquisition Agreement, and to advise the Independent Shareholders how to vote at the EGM
"Consideration"	HK$450,600,000, being the total consideration for the Acquisition
"Consideration Share(s)"	2,409,625,668 new Shares to be allotted and issued to the Vendor (or his nominee) at the Issue Price upon Completion
"Director(s)"	director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held on Wednesday, 17 May 2017 at 9:30 a.m. at 7/F, Wheelock House, 20 Pedder Street, Central, Hong Kong for the Independent Shareholders to consider and, if thought fit, approve (i) the Acquisition Agreement and the transactions contemplated thereunder and (ii) the Whitewash Waiver
"Enlarged Group"	the Group as enlarged by the Target Company
"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegates
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Shareholders"	Shareholders other than (i) the Vendor, Virtue Partner together with parties acting in concert with any of them and their respective associates; (ii) Mr. Ngan Man Ho; (iii) those who are involved in or interested in the Acquisition Agreement or the Whitewash Waiver; and (iv) those whose are required to abstain from voting in the EGM to consider and approve the Acquisition under the Listing Rules and the Takeovers Code

"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the Listing Rules
"Issue Price"	HK$0.187 per Consideration Share
"Last Trading Day"	14 March 2017, being the last day on which the Shares were traded on the Stock Exchange prior to the release of the Announcement
"Latest Practicable Date"	25 April 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Property"	the commercial property located at 6/F., 9 Queen's Road Central, Hong Kong
"Purchaser"	Alpha Easy Limited, purchaser to the Acquisition Agreement, a company incorporated in the BVI and a wholly owned subsidiary of the Company
"Relevant Period"	the period commencing on the date falling six months immediately prior to the date of the Announcement and ending on the Latest Practicable Date
"Sale Loan"	all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor and its associates on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion

"Sale Share"	1 share in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company
"SFC"	the Securities and Futures Commission
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Code on Takeovers and Mergers
"Target Company"	Flexwood Limited, a company incorporated in the BVI with limited liability, being the registered holder of the Property
"Veda Capital"	Veda Capital Limited, the independent financial appointed to advise the Connected Transaction Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver and as to voting
"Vendor"	Mr. Pong Wilson Wai San, the Chairman of the Board and an executive Director
"Virtue Partner"	Virtue Partner Group Limited, a company incorporated in the BVI with limited liability and is wholly beneficially owned by the Vendor
"Whitewash Independent Board Committee"	an independent committee of the Board established which comprises the non-executive Director and all the independent non-executive Directors in compliance with Rule 2.8 of the Takeovers Code, who has no direct or indirect interest in the Acquisition Agreement or the Whitewash Waiver

"Whitewash Waiver"	a waiver from the obligation of the Vendor to make a mandatory general offer to the Shareholders in respect of the Shares and securities issued by the Company not already owned or agreed to be acquired by the Vendor and the parties acting in concert with him as a result of the allotment and issue of the Consideration Shares in accordance with Note 1 on dispensations from Rule 26 of the Takeovers Code
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

Unless the context requires otherwise, all amounts in US$ are translated into HK$ at an exchange rate of US$1: HK$7.78. Such translation should not be construed as a representation that the amount in question has been, could have been or could be converted at any particular rate at all.

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)

Executive Directors:
Mr. Pong Wilson Wai San *(Chairman)*
Mr. Lee Wing Yin
Mr. Ngan Man Ho

Non-executive Director:
Mr. Lai Hin Wing Henry

Independent non-executive Directors:
Mr. Koo Fook Sun Louis
Ms. Yeung Wing Yan Wendy
Mr. Lung Hung Cheuk

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

Principal Place of Business in Hong Kong:
Unit A, 6/F.
9 Queen's Road Central
Hong Kong

28 April 2017

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION:
ACQUISITION OF THE ENTIRE EQUITY INTERESTS IN
FLEXWOOD LIMITED
AND
APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

The Board announces that on 14 March 2017 (after trading hours of the Stock Exchange), the Group entered into the Acquisition Agreement with the Vendor in relation to the acquisition of the Sale Share and the Sale Loan by the Purchaser for an aggregate consideration of HK$450,600,000, which will be satisfied by the allotment and issue of 2,409,625,668 Consideration Shares to the Vendor (or his nominee), credited as fully paid, at the Issue Price. The Acquisition is subject to the satisfaction of the conditions as set out in the paragraph headed "Conditions" below.

As all the relevant percentages exceed 25% but below 100%, the Acquisition constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules. As the Vendor is a controlling Shareholder and an executive Director of the Company, the Acquisition also constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules and is subject to, among others, the approval of the Independent Shareholders at the EGM.

Since the date of Announcement, the Group has conducted several transactions (the "**Subsequent Transactions**") with Independent Third Parties concerning the acquisition and disposal of certain properties in Hong Kong. Announcements made by the Company dated 15 March 2017, 23 March 2017, 3 April 2017 and 18 April 2017 contain further details of the Subsequent Transactions. The Group is principally engaged in property investment and trading and property development and provision of renovation services, as such it is in the ordinary and usual course of the Group's business to invest in properties in Hong Kong and other overseas market. The Acquisition and each of the Subsequent Transactions represent property investment made by the Group in its ordinary and usual course of business.

As at the Latest Practicable Date, the Vendor is beneficially interested in 7,328,000 Shares, representing approximately 0.23% of the existing issued share capital of the Company and Virtue Partner, which is beneficially wholly-owned by the Vendor, is beneficially interested in 936,794,000 Shares. Therefore, the Vendor, Virtue Partner and parties acting in concert with them are holding 944,122,000 Shares in aggregate, representing approximately 30.08% of the existing issued share capital of the Company as at the Latest Practicable Date.

Upon Completion, 2,409,625,668 Consideration Shares will be allotted and issued to the Vendor (or his nominee) and the interests of the Vendor, Virtue Partner and parties acting in concert with them in the voting rights of the Company will increase from approximately 30.08% to approximately 60.44% (assuming that there is no change in the issued share capital of the Company up to the Completion). Accordingly, the Vendor would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by him pursuant to Rule 26.1 of the Takeovers Code, unless the Whitewash Waiver is obtained from the Executive.

An application to the Executive for the Whitewash Waiver in respect of the allotment and issue of the Consideration Shares has been made by the Vendor. The Acquisition Agreement and the transactions contemplated thereunder and the Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval by the Independent Shareholders at the EGM by way of poll. The Vendor, Virtue Partner and parties acting in concert with any of them, and their respective associates, Mr. Ngan Man Ho and any other Shareholders who are involved or interested in the Acquisition Agreement and/or the Whitewash Waiver have abstained from voting on the board resolution approving Acquisition Agreement and shall abstain from voting at the EGM in respect of the resolution(s) approving the Acquisition Agreement and the transactions contemplated thereunder and the Whitewash Waiver. The Acquisition Agreement and the transactions contemplated thereunder will not proceed if the Whitewash Waiver is not granted by the Executive or the Acquisition Agreement and the transactions contemplated thereunder and the Whitewash Waiver are not approved by the Independent Shareholders at the EGM.

The purpose of this circular is to provide you with, among other things, further details of the Acquisition, valuation report on the Property and the Whitewash Waiver, together with the recommendations of the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee to the Independent Shareholders, the letter of advice from Veda Capital to the Connected Transaction Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders in relation to the Acquisition Agreement and the Whitewash Waiver, and a notice of the EGM.

THE ACQUISITION

The Acquisition Agreement

Date: 14 March 2017

Parties: (1) The Vendor as vendor

(2) The Purchaser as purchaser

(3) The Company as issuer

The Purchaser is an investment holding company and a wholly owned subsidiary of the Company incorporated in the BVI. The Vendor, Mr. Pong Wilson Wai San, is the Chairman of the Board and an executive Director.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell (i) the Sale Share, representing 100% of the entire issued share capital of the Target Company; and (ii) the Sale Loan, representing all the obligations, liabilities and debts owed or incurred by the Target Company to the Vendor and its associates on or at any time prior to Completion. Up to 31 March 2017, the Sale Loan amounted to about HK$29,223,535.

The Target Company is a company incorporated in the BVI with limited liability and is principally engaged in property investment. The only significant asset of the Target Company is the Property which was acquired by the Target Company in 2009 and the total acquisition costs were HK$128,380,795 inclusive of stamp duty and legal fees.

The consideration for the Acquisition

The total consideration for the Acquisition is HK$450,600,000, which shall be satisfied by the Company allotting and issuing 2,409,625,668 Consideration Shares at the Issue Price, credited as fully paid, to the Vendor (or his nominee) upon Completion.

The consideration was determined after arm's length negotiations between the parties to the Acquisition Agreement with reference to, among others, (i) the transacted prices of comparable commercial building in the vicinity of the Property; (ii) the net assets of the Target Company; and (iii) the outstanding Bank Loan of the Target Company upon Completion shall not exceed HK$56,400,000. The Directors (excluding Mr. Pong Wilson Wai San who is the Vendor and has abstained from voting at the Board meeting due to conflict of interest) consider the consideration of the Acquisition to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Independent Shareholders as a whole, notwithstanding, the occurence of the Subsequent Transactions.

The consideration of HK$450,600,000 represents a discount of approximately 0.49% to the adjusted net asset value of the Target Company of approximately HK$452,799,100, after taking into account of (i) the market value of HK$500,000,000 as at 28 February 2017 according to the Property Valuation Report as set out in the Appendix V to this circular; (ii) the net current liability of the Target Company as at 31 December 2016 of HK$50,891,000 (excluding the amounts due to a director of approximately HK$29,796,000); and (iii) the 4 months rental income of the Property from 1 January 2017 and up to 30 April 2017 of approximately HK$3,690,100 (based on a monthly net rental income of approximately HK$922,525, and the assumption that the Completion will take place at the end of April 2017) but has disregarded any administrative costs for the same period as the Board considers this sum to be immaterial.

Conditions precedent to the Acquisition Agreement

The Acquisition is conditional upon the satisfaction of the following:

(a) the Purchaser being satisfied with the results of the due diligence review in particular the review of the assets, liabilities, operations and affairs of the Target Company as the Purchaser may reasonably consider appropriate;

(b) the Purchaser being satisfied that there are no title defects to the Property (save for the existing mortgage if the mortgage consent under sub-paragraph (d) below can be obtained);

(c) production of written evidence by the Vendor to the satisfaction of the Purchaser that all debts and liabilities of the Target Company (other than (1) the Sale Loan, (2) the Bank Loan which shall not exceed HK$56,400,000 and (3) other normal accruals in the ordinary course of business of the Target Company not exceeding HK$200,000 and acceptable by the Purchaser) having been discharged, released, waived or extinguished;

(d) all necessary bank and/or mortgagee consents and approvals required to be obtained on the part of the Purchaser, the Vendor and the Target Company in respect of the Acquisition Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;

(e) the passing by the Independent Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules and the Takeovers Code at a general meeting of the Company to be convened and held of the necessary ordinary resolution(s) to approve the Acquisition Agreement and the transactions contemplated thereby and the Whitewash Waiver, and all other consents and acts required to be obtained by the Purchaser under the Listing Rules and/or other applicable laws and regulations having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange and/or the SFC;

(f) the warranties provided by the Vendors under the Acquisition Agreement remaining true, accurate and complete in all material respects;

(g) the obtaining of a valuation report (in form and substance satisfactory to the Purchaser) from a firm of independent professional valuer appointed by the Purchaser showing the valuation of the Property to be not less than HK$500,000,000;

(h) the despatch of the circular by the Company in respect of the Acquisition as required under the Listing Rules and the Takeovers Code;

(i) the Purchaser being satisfied that there has not been any material adverse change in respect of the Target Company since the date of the Acquisition Agreement; and

(j) the granting of the Whitewash Waiver by the Executive.

The Purchaser may at any time at its absolute and sole discretion waive in writing the conditions (a), (b), (d), (f) and/or (i) set out above. The other conditions set out above are incapable of being waived. The Purchaser has no intention to waive any conditions but in the event that the required mortgagee bank consent in respect of the transaction contemplated under the Acquisition Agreement cannot be obtained, the Company will settle the Bank Loan upon Completion and arrange re-financing of the Property with the same mortgagee bank after Completion. If the conditions set out above have not been satisfied (or waived, as the case may be) on or before 30 June 2017, or such later date as the Vendor and the Purchaser may agree in writing (the "**Long Stop Date**"), the Acquisition Agreement shall cease and terminate and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies thereafter.

Completion

Completion is expected to take place on the third Business Day after the fulfilment (or waiver) of the conditions (or such later date as the parties to the Acquisition Agreement may agree) mentioned above.

Upon Completion, the Target Company will become an indirect wholly owned subsidiary of the Company and the financial results, assets and liabilities of the Target Company will be consolidated into the books of the Group.

Consideration Shares

The Issue Price represents:

(a) a premium of about 1.63% over the closing price of HK$0.184 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a premium of about 0.53% over the average of the closing prices of HK$0.186 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

(c) a discount of about 2.09% to the closing price of HK$0.191 as quoted on the Stock Exchange on the Latest Practicable Date; and

(d) a discount of about 53.9% to the unaudited net asset value per Share of approximately HK$0.406 per Share as at 31 December 2016.

The Issue Price was arrived at after arm's length negotiation between the Company and the Vendor by reference to the recent trading price of the Share. The Vendor had abstained from all the Board meetings in which the Acquisition was being considered and did not take part in the decision making of the Acquisition nor the consideration of the terms of the Acquisition Agreement for the Company. The Directors (excluding Mr. Pong Wilson Wai San who is the Vendor and has abstained from voting at the Board meeting due to conflict of interest) consider that the Issue Price is fair and reasonable and in the interests of the Shareholders as a whole.

The Consideration Shares will be allotted and issued under the specific mandate to be sought at the EGM. An application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

The 2,409,625,668 Consideration Shares to be allotted and issued represent approximately 76.78% of the existing issued share capital of the Company and approximately 43.43%% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. Having considered the reasons and benefits of the Acquisition, including the positive financial impact on the net profit and net asset value of the Group, and the reasonableness of the consideration and the issue price of the Consideration Shares (which have been explained in details in the Independent Valuation Report on Target Company in Appendix V to this circular), the Board (excluding Mr. Pong Wilson Wai San who is the Vendor and has abstained from voting at the Board meeting due to conflict of interest) considers that the dilution on the shareholding interests of the Independent Shareholders in the Company upon completion of the Acquisition is justifiable.

The Consideration Shares, when allotted and issued, will rank pari passu in all respects with each other and with the Shares in issue on the date of allotment and issue of the Consideration Shares.

Mandate to issue the Consideration Shares

The Consideration Shares will be issued and allotted pursuant to the specific mandate proposed to be sought from the Independent Shareholders at the EGM.

Application for listing

An application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE TARGET COMPANY AND THE PROPERTY

Overview

The Target Company is a company incorporated in the BVI with limited liability and is principally engaged in property investment. Immediately prior to the entering into of the Acquisition Agreement, the Target Company is held as to 100% by the Vendor. After Completion, the Purchaser will be interested in the entire issued share capital of the Target Company.

The Target Company is currently holding the Property located at the 6th Floor of 9 Queen's Road Central, Hong Kong. The Property is a commercial property with saleable area of approximately 11,371 sq. ft. located in Central, Hong Kong. The Property is currently used for commercial purpose and has been rented to various tenants including but not limited to the Group. Based on the land search record, the Property was acquired by the Target Company in 2009 at a consideration of HK$123,680,000 (exclusive of stamp duty and legal fees).

Financial Review

Set below is the financial information of the Target Company:

	For the year ended 31 March	For the year ended 31 March	For the year ended 31 March	For the nine months ended 31 December	
	2014	**2015**	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Audited)
Revenue	10,657	10,679	10,847	7,953	8,276
Profit before taxation	10,476	23,806	23,600	6,641	52,483
Profit after taxation	9,248	22,568	22,534	5,875	51,413
Net asset value	306,899	329,467	352,001	335,342	403,414

Please refer to the valuation report of the Property and the accountant's report of the Target Company in the appendices to this circular.

Revenue of the Target Company for the three years ended 31 March 2016 and for the nine months ended 31 December 2016 represent rental income derived from the Property, which was fully occupied during the periods under review. During the three years ended 31 March 2014, 2015 and 2016 and for the nine months ended 31 December 2016, the Target Company recorded revenue of approximately HK$10.7 million, HK$10.7 million, HK$10.8 million and HK$8.2 million, respectively, and net profits before taxation of approximately HK$10.5 million, HK$23.8 million, HK$23.6 million and HK$52.5 million, respectively. The increase in net profit before tax for the year ended 31 March 2015 and for the nine months ended 31 December 2016 was mainly attributable to the increase in rental income and the fair value gain on investment properties, while the decrease in net profit margin for the year ended 31 March 2016 was mainly due to the increase in directors remuneration, which is classified as administrative and other expenses.

The administration expenses and finance costs mainly represent directors remuneration, donation and bank loan interest, which, in total, represent over 88% of the total expenses of the Target Company for the three years ended 31 March 2016 and for the nine months ended 31 December 2016.

For the year ended 31 March 2014, the administration expenses and finance costs mainly represent directors' remuneration of approximately HK$1 million, donation of approximately HK$1.1 million and bank loan interest of approximately HK$0.8 million. For the year ended 31 March 2015, they mainly represent directors' remuneration of approximately HK$1 million, donation of approximately HK$1.1 million and bank loan interest of approximately HK$0.7 million. For the year ended 31 March 2016, they mainly represent directors' remuneration of approximately HK$2.7 million, donation of approximately HK$0.8 million and bank loan interest of approximately HK$0.7 million. The administration expenses increased for the year ended 31 March 2016 was due to the increase in directors' remuneration. For the nine months ended 31 December 2016, they mainly represent director's remuneration of approximately HK$0.7 million, donation of approximately HK$0.5 and bank loan interest of approximately HK$0.5 million.

Liquidity, Financial Resource and Funding

As at 31 March 2014, the Target Company had net current liabilities of approximately HK$99,325,000 including cash and bank balance of approximately HK$1,705,000. As at 31 March 2015, the Target Company had net current liabilities of approximately HK$92,349,000 including cash and bank balance of approximately HK$4,712,000. As at 31 March 2016, the Target Company had net current liabilities of approximately HK$86,406,000 including cash and bank balance of approximately HK$6,281,000. As at 31 December 2016, the Target Company had net current liabilities of approximately HK$80,687,000 including cash and bank balance of approximately HK$10,508,000. The decrease in net current liabilities during the periods under review was mainly due to the rental income from the Property.

The gearing ratio were 16.6%, 15.0%, 13.4% and 11.5% as at 31 March 2014, 2015 and 2016 and 31 December 2016, respectively. The gearing ratio is derived by dividing the total borrowings by total assets. The gearing ratio as at 31 December 2016 has decreased when compared to 31 March 2016 due to the repayment of bank loan.

During the periods under review, the Target Company financed its operations with its own working capital, bank borrowings and amounts due to a director. As at 31 March 2014, the unsecured and secured bank borrowing of the Target Company was approximately HK$68,163,000, in which approximately HK$20,399,000 were repayable within a period of not exceeding 5 years and approximately HK$47,764,000 were repayable beyond 5 years. Total other borrowings of the Target Company amounted to approximately HK$29,812,000, which were repayable within a period of not exceeding 5 years. As at 31 March 2015, the unsecured and secured bank borrowing of the Target Company was approximately HK$64,161,000, in which approximately HK$20,614,000 were repayable within a period of not exceeding 5 years and approximately HK$43,547,000 were repayable beyond 5 years. Total other borrowings of the Target Company amounted to approximately HK$29,797,000, which were repayable within a period of not exceeding 5 years. As at 31 March 2016, the unsecured and secured bank borrowing of the Target Company was approximately HK$60,122,000, in which approximately HK$20,841,000 were repayable within a period of not exceeding 5 years and approximately HK$39,281,000 were repayable beyond 5 years. Total other borrowings of the Target Company amounted to approximately HK$29,800,000, which are repayable within a period of not exceeding 5 years. As at 31 December 2016, the unsecured and secured bank borrowing of the Target Company was approximately HK$57,066,000, in which approximately HK$21,018,000 were repayable within a period of not exceeding 5 years and approximately HK$36,048,000 were repayable beyond 5 years and there was no other borrowing. Total other borrowings of the Target Company amounted to approximately HK$29,796,000, which were repayable within a period of not exceeding 5 years.

Foreign Currency Management

The Target Company has minimal exposure to foreign currency risks as all of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars.

The Target Company currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Target Company will monitor its foreign currency exposure closely and will consider hedging foreign currency exposure if necessary.

Significant Investment Held, Material Acquisitions or Disposal of Subsidiaries and Affiliated Companies, and Future Plans for Material Investments or Capital Assets

Save for those disclosed in this circular, the Target Company did not have significant investment held, material acquisitions or disposal of subsidiaries and affiliated companies, and future plans for material investments or capital assets for the three years ended 31 March 2014, 2015 and 2016 and for the nine months ended 31 December 2016.

Pledge of Assets

As at 31 March 2014, 2015 and 2016 and 31 December 2016, the Property was pledged to secure bank borrowings for the Target Company.

Contingent Liabilities

As at 31 March 2014, 2015 and 2016 and 31 December 2016, the Target Company did not have any significant contingent liabilities.

Capital Commitment

As at 31 March 2014, 2015 and 2016 and 31 December 2016, the Target Company did not have any material capital commitment.

REASONS FOR THE ACQUISITION

The Group is principally engaged in property investment and trading, property development and provision of renovation services.

The Directors are optimistic about the prospect of the Hong Kong commercial office market. The Directors considered that the Acquisition represents an investment opportunity in Hong Kong commercial office market and the tenancy agreements entered into by the Target Company will provide stable income for the Group while at the same time the Group will have the benefits from the long term appreciation of the price in commercial offices in Hong Kong.

It is noted that under the Acquisition Agreement, the Group need not to pay the consideration sum in cash at Completion and this will allow the Group to retain its cash reserves for its future business development. The Directors are also in the process of evaluating the existing properties held by the Group and may make adjustment of the portfolio in response to the changes in the property market in Hong Kong.

In view of the rental income from the Property with the possibility of future long term appreciation in value of the Property, the Directors believe that it is an appropriate time to invest in the Property, and the Directors (excluding Mr. Pong Wilson Wai San who is the Vendor and has abstained from voting at the Board meeting due to conflict of interest) consider that the terms and conditions of the Acquisition Agreement are reasonable and fair and in the interests of the Shareholders as a whole.

After Completion, the expected usage of the Property will remain unchanged. Approximately 15.6% of the Property will continue to be used by the Company as its principal office and the Company shall not need to pay any rental fee for its use as principal office upon Completion. The tenants of the remaining part of the Property are all Independent Third Parties.

PROSPECTS OF THE GROUP

The growth of Hong Kong economy remained moderate for the nine months ended 31 March 2017 and the property market showed a brisk performance in late 2016 and the first quarter of 2017. The Hong Kong Government (the "**Government**") continued to put in significant effort to manage demand and reduce the possible risks to financial stability arising from an exuberant property market. The Government also sustained its effort of raising flat supply through land sale program and other terms of land supply sources. Looking forward, market sentiment in the near future may still be influenced by the US Federal Reserve's recent repeated hesitations in lifting interest rates, which implied an interest rate uptrend that would be more gradual than earlier expected.

With the purpose of offering better returns to the Shareholders, the Group decided to concentrate on property investment and trading, and development businesses. The Group believed that the business of property developments and property investment and trading both locally and internationally can broaden the revenue base and benefit the Company and the Shareholders as a whole in the long run.

Despite the uncertainty in Hong Kong and global economy, we are confident that Hong Kong will remain relevant and vital in its own right and as part of China. The Group will continue to explore potential property investment and trading opportunities with a view to have a diversified and balanced portfolio and to provide steady income source to the Group. The Group is conscious to monitor and analyze the impact of the local and global economy so as to make cautious business decisions and to adjust our development plan if necessary so as to maximize the return to the Shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2016, the Group had net current assets of approximately HK$834,937,000 (30 June 2016: approximately HK$839,864,000), including cash and bank balances of approximately HK$418,881,000 (30 June 2016: approximately HK$410,936,000).

The gearing ratio was 1.6% as at 31 December 2016 (30 June 2016: 1.9%). The gearing ratio is derived by dividing the total borrowings by total assets. The gearing ratio as at 31 December 2016 has decreased when compared to 30 June 2016 due to the partial repayment of the mortgage loan for acquisition of the Atlantic House at Cardiff, the United Kingdom.

During the six months ended 31 December 2016, the Group financed its operations with its own working capital and bank borrowings. As at 31 December 2016, the unsecured and secured bank borrowing of the Group was approximately HK$25,453,000 (30 June 2016: HK$29,148,000), in which approximately HK$12,056,000 were repayable within a period of not exceeding 5 years (30 June 2016: HK$14,574,000) and approximately HK$13,397,000 were repayable beyond 5 years (30 June 2016: HK$14,574,000), and there was no other borrowing (30 June 2016: Nil).

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon Completion (subject to Completion of the Acquisition and assuming that there is no other change in the shareholding structure of the Company before the allotment and issue of the Consideration Shares) are set out below:

Shareholders	As at the Latest Practicable Date		Immediately upon Completion	
	Number of issued Shares	*Approximate Percentage*	*Number of issued Shares*	*Approximate Percentage*
The Vendor and his concert parties				
The Vendor *(Note)*	7,328,000	0.23%	2,416,953,668	43.56%
Virtue Partner *(Note)*	936,794,000	29.85%	936,794,000	16.88%
Sub-total	*944,122,000*	*30.08%*	*3,353,747,668*	*60.44%*
Mr. Ngan Man Ho (an executive Director)	248,000	0.01%	248,000	0.01%
Public Shareholders	2,194,130,000	69.91%	2,194,130,000	39.55%
Total:	**3,138,500,000**	**100.00%**	**5,548,125,668**	**100.00%**

Note: Virtue Partner is a company incorporated in the BVI with limited liability and is wholly beneficially owned by the Vendor.

FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, the Target Company will become wholly-owned subsidiaries of the Company. The financial results, assets and liabilities of the Target Company will be consolidated into the Group's financial statements.

Based on the unaudited pro forma financial information of the Enlarged Group following the Acquisition as set out in Appendix III to this circular, the total assets of the Group following the Acquisition would increase from approximately HK$1,274 million to approximately HK$1,707 million, while the total liabilities of the Group following the Acquisition would increase from approximately HK$270 million to approximately HK$337 million. The details of the financial effect of the Acquisition on the financial position together with the bases and assumptions taken into account in preparing the unaudited pro forma financial information are set out, for illustration purpose only, in Appendix III to this circular.

INTENTIONS OF THE VENDOR REGARDING THE GROUP

As at the Latest Practicable Date, the Vendor intends to continue the existing business and the continued employment of the employees of the Group and save for the Acquisition, does not intend to introduce any major changes to the existing operation and business of the Company or redeployment of any of the fixed assets of the Group other than in the ordinary course of business.

LISTING RULES IMPLICATION

As all the relevant percentages exceed 25% but below 100%, the Acquisition constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules. As the Vendor is a controlling Shareholder of the Company, the Acquisition also constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules and is subject to, among others, the approval of the Independent Shareholders at the EGM.

An EGM will be convened and held for the Shareholders to, among other things, consider and, if thought fit, to approve the Acquisition Agreement and the transactions contemplated thereunder including the Acquisition.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

Each of the Vendor, Virtue Partner and the parties acting in concert with them has confirmed that neither the Vendor, Virtue Partner nor any persons acting in concert with any of them:

(a) has acquired or entered into any agreement or arrangement to acquire any voting rights in the Company within the six months prior to the date of the Announcement;

(b) save for the share options granted to the Vendor by the Company entitling him to subscribe for a total of 60,000,000 Shares, owns any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company;

(c) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or of the Vendor and which might be material to the transactions contemplated under the Acquisition Agreement and/or the Whitewash Waiver;

(d) has received any irrevocable commitment from any Independent Shareholders as to whether they will vote for or against the resolution approving the transactions contemplated under the Acquisition Agreement and/or the Whitewash Waiver;

(e) has any agreements or arrangements to which it is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Acquisition Agreement or the Whitewash Waiver (including any such agreements or arrangements that would result in any break fees being payable); and

(f) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

WHITEWASH WAIVER

As at the Latest Practicable Date, the Vendor is beneficially interested in 7,328,000 Shares, representing approximately 0.23% of the existing issued share capital of the Company.

Virtue Partner which is beneficially wholly-owned by the Vendor, holds 936,794,000 Shares as at the Latest Practicable Date. Therefore, the Vendor, Virtue Partner and parties acting in concert with them are holding 944,122,000 Shares in aggregate, representing approximately 30.08% of the existing issued share capital of the Company as at the Latest Practicable Date.

Upon Completion, 2,409,625,668 Consideration Shares will be allotted and issued to the Vendor (or his nominee) and the interests of the Vendor, Virtue Partner and parties acting in concert with them in the voting rights of the Company will increase from approximately 30.08% to approximately 60.44% (assuming that there is no change in the issued share capital of the Company up to the Completion). Accordingly, the Vendor would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by him pursuant to Rule 26.1 of the Takeovers Code, unless the Whitewash Waiver is obtained from the Executive.

An application to the Executive for the Whitewash Waiver in respect of the issue and allotment of the Consideration Shares has been made by the Vendor. The Acquisition Agreement and the transactions contemplated thereunder and the Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval by the Independent Shareholders at the EGM by way of poll. The Vendor, Virtue Partner and parties acting in concert with any of them, and their respective associates, Mr. Ngan Man Ho and any other Shareholders who are involved or interested in the Acquisition Agreement and/or the Whitewash Waiver shall abstain from voting at the EGM in respect of the resolution(s) approving the Acquisition Agreement and the transactions contemplated thereunder and the Whitewash Waiver. The Acquisition Agreement and the transactions contemplated thereunder will not proceed if the Whitewash Waiver is not granted by the Executive or the Acquisition Agreement and the transactions contemplated thereunder and the Whitewash Waiver are not approved by the Independent Shareholders at the EGM.

The Board does not believe that the Acquisition gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Executive has indicated that it agreed to grant the Whitewash Waiver subject to approval by the Independent Shareholders at the EGM.

THE INDEPENDENT BOARD COMMITTEES

The Whitewash Independent Board Committee comprising the non-executive Director and all the independent non-executive Directors in compliance with Rule 2.8 of the Takeovers Code has been formed to advise the Independent Shareholders on the terms of the Acquisition Agreement and the transactions contemplated thereunder and the Whitewash Waiver and as to voting. The Connected Transaction Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Acquisition Agreement and the transactions contemplated thereunder. None of the members of the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee has any interest or involvement in the transactions contemplated under the Acquisition Agreement or the Whitewash Waiver. Veda Capital has been appointed as the independent financial adviser with the approval of the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee to advise the Connected Transaction Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver and as to voting.

THE EGM AND VOTING ARRANGEMENT

The EGM will be convened and held for the Independent Shareholders to, among other things, consider and, if thought fit, approve the Acquisition, the grant of the specific mandate for the issue of the Consideration Shares and the Whitewash Waiver.

By reason of the requirements of the Takeovers Code and the Listing Rules, the Vendor, Virtue Partner and parties acting in concert with any of them, and their respective associates, Mr. Ngan Man Ho and any other Shareholders who are involved or interested in the Acquisition Agreement and/or the Whitewash Waiver shall abstain from voting at the EGM in respect of the resolution(s) approving the Acquisition Agreement and the transactions contemplated thereunder and the Whitewash Waiver.

Save for the aforesaid, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, no other Shareholder is required to abstain from voting in respect of the resolutions to consider and approve the Acquisition and the Whitewash Waiver at the EGM.

A notice convening the EGM to be held on Wednesday, 17 May 2017 at 9:30 a.m. at 7/F, Wheelock House, 20 Pedder Street, Central, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolutions set out therein.

Under Rule 13.39(4) of the Listing Rules any vote of the Shareholders at general meetings must be taken by poll. Under Rule 2.9 of the Takeovers Code, voting on the Whitewash Waiver at the EGM must be taken by poll.

You will find enclosed the proxy form for use at the EGM. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at Level 22 Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours (i.e. 9:30 a.m. on Monday, 15 May 2017) before the time appointed for holding the EGM, or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM, or any adjournment thereof, should you so wish.

For the purpose of ascertaining shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 12 May 2017 to Wednesday, 17 May 2017, both days inclusive, and no transfers of the shares of the Company will be effected during such period. In order to be entitled to attend and vote at the EGM, all transfers of shares, duly accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Thursday, 11 May 2017.

RECOMMENDATION

The Connected Transaction Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Koo Fook Sun Louis, Ms. Yeung Wing Yan Wendy and Mr. Lung Hung Cheuk, has been established to consider, and to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Acquisition Agreement.

The Whitewash Independent Board Committee comprising the non-executive Director Mr. Lai Hin Wing Henry and all the independent non-executive Directors, namely Mr. Koo Fook Sun Louis, Ms. Yeung Wing Yan Wendy and Mr. Lung Hung Cheuk, has been established to consider, and to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Acquisition Agreement and the Whitewash Waiver.

The Connected Transaction Independent Board Committee, having considered the advice from Veda Capital, considers that (i) the terms of the Acquisition Agreement are fair and reasonable; (ii) the Acquisition Agreement and the transactions contemplated thereunder are on normal commercial terms and are in the ordinary and usual course of business of the Group; and (iii) the Acquisition Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, the Connected Transaction Independent Board Committee has recommended the Independent Shareholders to vote in favour of the resolution in respect of the Acquisition Agreement to be proposed at the EGM.

The Whitewash Independent Board Committee, having considered the advice from Veda Capital, considers that the terms of the Acquisition Agreement and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Whitewash Independent Board Committee has recommended the Independent Shareholders to vote in favour of the resolutions in respect of the Acquisition Agreement and the Whitewash Waiver to be proposed at the EGM.

The Directors, excluding Mr. Pong Wilson Wai San who is the Vendor and has abstained from voting at the Board meeting due to conflict of interest, consider the terms of the Acquisition Agreement and the Whitewash Waiver are fair, just and reasonable in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolutions in respect of the Acquisition, the grant of specific mandate for the issue of the Consideration Shares and the Whitewash Waiver to be proposed at the EGM.

The recommendation of the Connected Transaction Independent Board Committee is set out on pages 23 to 24 in this circular, the recommendation of the Whitewash Independent Board Committee is set out on pages 25 to 26 in this circular and the letter from Veda Capital is set out on pages 27 to 49 in this circular.

ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular.

Shareholders and public investors should note that immediately upon issue of the Consideration Shares, the shareholding of the Vendor and parties acting in concert with him in the Company will exceed 50% of the voting rights of the Company and that the Vendor and parties acting in concert with him may increase their shareholding without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer for the securities of the Company. However, there may be circumstances where there are changes in the make-up of the concert group consisting of the Vendor and Virtue Partner and holdings of each party in this concert group may change from time to time. This being the case, any party in this concert group holding less than 50% of the issued share capital of the Company may incur further obligation to make a general offer under Rule 26.1 of the Takeovers Code upon further acquisition of the Shares by any of them unless a waiver from the Executive is granted.

By Order of the Board
Winfull Group Holdings Limited
Lee Wing Yin
Executive Director

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)

28 April 2017

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION: ACQUISITION OF THE ENTIRE EQUITY INTERESTS IN FLEXWOOD LIMITED

We refer to the circular of Winfull Group Holdings Limited (the "**Company**") dated 28 April 2017 (the "**Circular**") to the shareholders of the Company, of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context requires otherwise.

We have been appointed by the Board as the Connected Transaction Independent Board Committee to advise you as to whether the terms of the Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Veda Capital has been appointed to act as the independent financial adviser to advise the Connected Transaction Independent Board Committee and the Independent Shareholders in respect of the terms of the Acquisition Agreement. The text of the letter of advice from Veda Capital containing their recommendation and the principal factors they have taken into account in arriving at their recommendation is set out on pages 27 to 49 of the Circular.

Independent Shareholders are recommended to read the letter of advice from Veda Capital, the letter from the Board contained in the Circular as well as the additional information set out in the appendices to the Circular. Having considered the terms of the Acquisition Agreement and the advice of Veda Capital, we consider that the terms of the Acquisition Agreement are (i) fair and reasonable; (ii) the Acquisition Agreement and the transactions contemplated thereunder are on normal commercial terms and are in the ordinary and usual course of business of the Group; and (iii) the Acquisition Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

We recommend the Independent Shareholders to vote in favour of the resolution in respect of the Acquisition Agreement to be proposed at the EGM.

Yours faithfully,
For and on behalf of
the Connected Transaction Independent Board Committee

Mr. Koo Fook Sun Louis	**Mr. Lung Hung Cheuk**	**Ms. Yeung Wing Yan Wendy**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

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)

28 April 2017

To the Independent Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION:
ACQUISITION OF THE ENTIRE EQUITY INTERESTS IN
FLEXWOOD LIMITED
AND
APPLICATION FOR WHITEWASH WAIVER**

We refer to the circular of Winfull Group Holdings Limited (the "**Company**") dated 28 April 2017 (the "**Circular**") to the shareholders of the Company, of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context requires otherwise.

We have been appointed by the Board as the Whitewash Independent Board Committee to advise you as to whether the terms of the Acquisition Agreement and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Veda Capital has been appointed to act as the independent financial adviser to advise the Whitewash Independent Board Committee and the Independent Shareholders in respect of the terms of the Acquisition Agreement and the Whitewash Waiver. The text of the letter of advice from Veda Capital containing their recommendation and the principal factors they have taken into account in arriving at their recommendation is set out on pages 27 to 49 of the Circular.

Independent Shareholders are recommended to read the letter of advice from Veda Capital, the letter from the Board contained in the Circular as well as the additional information set out in the appendices to the Circular. Having considered the terms of the Acquisition Agreement, the Whitewash Waiver and the advice of Veda Capital, we consider that the terms of the Acquisition Agreement and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We recommend the Independent Shareholders to vote in favour of the resolutions in respect of the Acquisition Agreement and the Whitewash Waiver to be proposed at the EGM.

Yours faithfully,
For and on behalf of
the Whitewash Independent Board Committee

Mr. Lai Hin Wing Henry *Non-executive Director*	**Mr. Koo Fook Sun Louis** *Independent non-executive Director*
Ms. Yeung Wing Yan Wendy *Independent non-executive Director*	**Mr. Lung Hung Cheuk** *Independent non-executive Director*

The following is the text of the letter of advice from the independent financial adviser to the Connected Transaction Independent Board Committee, Whitewash Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement and the Whitewash Waiver for the purpose of incorporation into this circular.

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited
Room 1106, 11/F
Wing On Centre
111 Connaught Road Central
Hong Kong

28 April 2017

To Connected Transaction Independent Board Committee;
Whitewash Independent Board Committee; and
the Independent Shareholders of
Winfull Group Holdings Limited

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTION:
ACQUISITION OF THE ENTIRE EQUITY INTERESTS IN
FLEXWOOD LIMITED
AND
APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Whitewash Independent Board Committee, the Connected Transaction Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder and the Whitewash Waiver, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 28 April 2017 (the "**Circular**") to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 14 March 2017 (after trading hours of the Stock Exchange), the Group entered into the Acquisition Agreement with the Vendor in relation to the acquisition of the Sale Share and the Sale Loan by the Purchaser for an aggregate consideration of HK$450,600,000, which will be satisfied by the allotment and issue of 2,409,625,668 Consideration Shares to the Vendor (or his nominee) at the Issue Price.

As all the relevant percentages exceed 25% but below 100%, the Acquisition constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules. As the Vendor is a controlling Shareholder of the Company, the Acquisition also constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules and is subject to, among others, the approval of the Independent Shareholders at the EGM.

As at the Latest Practicable Date, the Vendor is beneficially interested in 7,328,000 Shares, representing approximately 0.23% of the existing issued share capital of the Company. Virtue Partner, which is beneficially wholly-owned by the Vendor, holds 936,794,000 Shares as at the Latest Practicable Date. Therefore, the Vendor, Virtue Partner and parties acting in concert with them are holding 944,122,000 Shares in aggregate, representing approximately 30.08% of the existing issued share capital of the Company as at the Latest Practicable Date.

Upon Completion, 2,409,625,668 Consideration Shares will be allotted and issued to the Vendor (or his nominee) and the interests of the Vendor, Virtue Partner and parties acting in concert with them in the voting rights of the Company will increase from approximately 30.08% to approximately 60.44% (assuming that there is no change in the issued share capital of the Company up to the Completion). Accordingly, the Vendor would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by him pursuant to Rule 26.1 of the Takeovers Code, unless the Whitewash Waiver is obtained from the Executive.

The Whitewash Independent Board Committee comprising the non-executive Director and all the independent non-executive Directors in compliance with Rule 2.8 of the Takeovers Code has been formed to advise the Independent Shareholders on the terms of the Acquisition Agreement and the transactions contemplated thereunder and the Whitewash Waiver and as to voting, and the Connected Transaction Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Acquisition Agreement and the transactions contemplated thereunder. None of the members of the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee has any interest or involvement in the transactions contemplated under the Acquisition Agreement or the Whitewash Waiver.

We, have been appointed as the independent financial adviser with the approval of the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee to advise the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver and as to voting.

As at the Latest Practicable Date, we were not aware of any relationships or interest between us and the Company, Virtue Partner, the Vendor, the Target Company, the Purchaser, Mr. Ngan Man Ho or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules or the Takeovers Code (as the case may be) to act as the independent financial adviser to the Connected Transaction Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder and the Whitewash waiver. We are not associated with the Company, Virtue Partner, the Vendor, the Target Company, the Purchaser, Mr. Ngan Man Ho or their subsidiaries, their associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations on the terms of the Acquisition Agreement and the transactions contemplated thereunder and the Whitewash Waiver and as to voting. Apart from normal professional fees payable to us in connection with this appointment as the independent financial adviser to the Connected Transaction Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from any party abovementioned.

BASIS OF OUR ADVICE

In formulating our opinions and recommendations to the Connected Transaction Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the information, opinions and representations contained or referred to in the Circular (or otherwise provided to us by the Directors and the management of the Company (the "**Management**")), and have assumed that all information, opinions and representations contained or referred to in the Circular (or otherwise provided to us by the Directors and the Management) were true, accurate and complete in all material respects at the time when they were made and up to the date of this letter. We have also assumed that all statements of belief, opinions and intention made by the Directors in the Circular (or otherwise provided to us by the Directors and the Management) are reasonably made after due enquiry. We have no reason to doubt that any relevant information has been withheld or omitted, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. The Company will notify the Shareholders (including the Independent Shareholders) of any material changes to information provided in the Circular and our opinion during the period after the Latest Practicable Date and until the date of the EGM as soon as possible in accordance with the requirements under the Listing Rules and Rule 9.1 of the Takeovers Code.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in the Circular (other than those expressed by the Vendor and Virtue Partner) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular (other than those relating to the Vendor and Virtue Partner) have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We consider that we have received sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular to provide a reasonable basis for our opinions and recommendations. We consider that we have performed all the necessary steps as required under Rule 13.80 of the Listing Rules to enable us to reach an informed view and to justify our reliance on the information provided and representations made to us so as to form a reasonable basis for our opinions including, among other things:

(a) reviewed the Announcement, the Letter from the Board, the annual reports of the Company for the years ended 30 June 2015 and 2016 (the "**AR 2015**" and the "**AR 2016**" respectively) and the interim report of the Company for the six months ended 31 December 2016 (the "**IR 2016**");

(b) reviewed the Acquisition Agreement and other relevant information, documents and/or agreements in relation to the Acquisition and/or the Whitewash Waiver;

(c) conducted market and comparable researches to analyse the major terms of the Acquisition;

(d) reviewed the financial statements of the Target Company for the years ended 31 March 2014, 2015 and 2016;

(e) discussed with the Directors regarding, among other things, the background of and reasons for the Acquisition, the basis of the major terms of the Acquisition and the Whitewash Waiver, the future operations of the Target Company upon Completion, the development plan of the Property and so forth; and

(f) reviewed the valuation report of the Property (the "**Property Valuation Report**") prepared by Colliers International (Hong Kong) Limited as an independent valuer (the "**Property Independent Valuer**") and the underlying valuation workings and assumptions.

We have not, however, for the purpose of this exercise, conducted any independent detailed verification or audit into the businesses, affairs or future prospects of the Company and the Target Company, or their respective subsidiaries or associates, nor have we investigated the legal title or any liabilities against the subject matters relating to the Acquisition Agreement or the Whitewash Waiver. Our opinion was necessarily based on financial, economic, market and other conditions in effect, and the information made available to us as at the Latest Practicable Date.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have taken into consideration the following principal factors and reasons:

1. Background of and the reasons for the entering into of the Acquisition Agreement

1.1 Principal business and the financial information of the Group

The Group is principally engaged in property investment and trading and property development and provision of renovation services.

For the financial year ended 30 June 2016

According to the AR 2016, the Group recorded a turnover from continuing operations of HK$11,607,000, representing an increase of approximately 60.4% comparing with that of HK$7,236,000 for the financial year ended 30 June 2015. As set out in the AR 2016, the improvement in turnover was mainly attributed to the increase in turnover from the property investment and trading business and the renovation business.

As set out in the AR 2016, the loss attributable to the owners of the Company from continuing operations for the financial year ended 30 June 2016 was HK$41,259,000 as compared to a profit attributable to the owners of the Company from continuing operations of HK$12,945,000 for the financial year ended 30 June 2015. As set out in the AR 2016, the loss for the Company for the financial year ended 30 June 2016 was mainly attributable to the decrease in other income from interest income and profit on disposal of available for-sale financial assets, the fair value loss on investment properties, loss on deregistration of a subsidiary and also the recognition of equity-settled share-based payment for the year under review.

As further noted from the AR 2016, the business segment of the Company, namely the rental income from investment properties, recorded revenue of HK$8,950,000, representing approximately 77.1% of the Group's revenue for the financial year ended 30 June 2016. The remaining revenue is generated from its renovation business. The rental income business segment is expected to provide a significant and steady income source to the Group.

For the six months period ended 31 December 2016

According to the IR 2016, the Group recorded an unaudited revenue of HK$6,492,000 for the six months period ended 31 December 2016, representing an increase of approximately 1.5% as compared to an unaudited revenue of HK$6,393,000 for the six months period ended 31 December 2015. As set out in IR 2016, the improvement in turnover was mainly attributed to the increase in turnover from the property investment and trading business.

As set out in the IR 2016, the profit attributable to the owners of the Company for the six months period ended 31 December 2016 was HK$1,164,000 as compared to a loss attributable to the owners of the Company of HK$882,000 for the six months period ended 31 December 2015. As understood from the Directors, the turnaround of performance was mainly attributable to fair value gain on investment properties for six months period under review.

As further noted from the IR 2016, the business segment of the Company, namely the rental income from investment properties, recorded revenue of HK$5,516,000, representing approximately 85% of the Group's revenue for the six months period ended 31 December 2016.

According to the AR 2016 and IR 2016, we consider that the business segment, namely the rental income from investment properties, has contributed majority of the revenue to the Group for the periods under review.

As advised by the Company, the growth of Hong Kong economy remained moderate and the property market showed a brisk performance in late 2016. The Hong Kong Government (the "**HK Government**") continued to put in significant effort to manage demand and reduce the possible risks to financial stability arising from an exuberant property market. The HK Government also sustained its effort of raising flat supply through land sale program and other terms of land supply sources. With the purpose of offering better returns to the Shareholders, the Group decided to concentrate on property investment and trading, and development businesses. The Group believed that the business of property developments and property investment and trading both locally and internationally can broaden the revenue base and benefit the Company and the Shareholders as a whole in the long run.

Despite the uncertainty in Hong Kong and global economy, the Directors are confident that Hong Kong will remain relevant and vital in its own right and as part of China. The Group will continue to explore potential property investment and trading opportunities with a view to have a diversified and balanced portfolio and to provide steady income source to the Group. The Group is conscious to monitor and analyze the impact of the local and global economy so as to make cautious business decisions and to adjust our development plan if necessary so as to maximize the return to the Shareholders.

1.2 Background and financial information of Target Company and the Property

The Target Company is a company incorporated in British Virgin Islands with limited liability and is principally engaged in property investment. The only significant asset of the Target Company is the Property which was acquired by the Target Company in 2009 and the total acquisition costs were HK$128,380,795 inclusive of stamp duty and legal fees. Immediately prior to the entering into of the Acquisition Agreement, the Target Company is held as to 100% by the Vendor. After Completion of the Acquisition, the Purchaser shall be interested in the entire issued share capital of the Target Company.

The Target Company is currently holding the Property located at the 6th Floor of 9 Queen's Road Central, Hong Kong. According to the Property Valuation Report and the advice from the Property Independent Valuer, the Property is a Grade A (as defined below) commercial property with saleable area of approximately 11,371 sq. ft. located in Central, Hong Kong. The Property is currently used for commercial purpose and has been rented to various tenants including but not limited to the Group. Based on the land search record, the Property was acquired by the Target Company in 2009 with a consideration of HK$123,680,000 (exclusive of stamp duty and legal fees).

As advised by the Company, the occupancy rate of the Property remains full throughout majority of the time since the purchase by the Vendor. In addition, we have obtained the previous and existing leasing contracts of each unit of the Property and understood that the rental of the Property in general has been on an increasing trend per renewal.

Set out below is the key financial information of Target Company based on its audited consolidated financial statements for the years ended 31 March 2014, 2015 and 2016 as extracted from Appendix II to the Circular:

	For the year ended 31 March 2014	**For the year ended 31 March 2015**	**For the year ended 31 March 2016**
	HK$'000	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)
Revenue	10,657	10,679	10,847
Profit before taxation	10,476	23,806	23,600
Profit after taxation	9,248	22,568	22,534
Net asset value	306,899	329,467	352,001

As advised by the Company, the revenue of the Target Company for the years ended 31 March 2014, 2015 and 2016 was solely generated from rental income.

For the financial year ended 31 March 2016, the Target Company recorded a revenue of approximately HK$10.85 million, which represents a slight increase of approximately 1.59% increase as compared to that of approximately HK$10.68 million for the year ended 31 March 2015. As advised by the Company, the slight increase in revenue was mainly due to the increase in rental income.

For the financial year ended 31 March 2016, the Target Company experienced a decrease in profit after taxation from approximately HK$22.57 million for the year ended 31 March 2015 to approximately HK$22.53 million, representing a 0.18% reduction. As advised by the Company, the reduction in profit after taxation was mainly due to an increase of director remuneration in administrative expenses and other expenses for the year ended 31 March 2016.

The administration expenses and finance costs mainly represent directors' remuneration, donation and bank loan interest, which, in total, represents over 88% of the total expenses of the Target Company for the three years ended 31 March 2016.

As at 31 March 2016, the net asset value of the Target Company of approximately HK$352 million, represent a slight increase of approximately 6.84% as compared to the net asset value of the Target Company as at 31 March 2015 of approximately HK$329.47 million. As advised by the Company, the increase in net asset value are mainly due to cash received from rental income and fair value gain on the Property.

For the financial year ended 31 March 2015, the Target Company recorded a revenue of approximately HK$10.68 million, which represents a slight increase of approximately 0.19% increase as compared to that of approximately HK$10.66 million for the year ended 31 March 2014. As advised by the Company, the slight increase in revenue was mainly due to the income in rental income.

For the financial year ended 31 March 2015, the Target Company experienced an increase in profit after taxation from approximately HK$9.25 million for the year ended 31 March 2014 to approximately HK$22.57 million, representing a 144.03% improvement. As advised by the Company, the improvement in profit after taxation was mainly due to increase in rental income, the fair value gain on the Property and slightly decrease in administrative expenses.

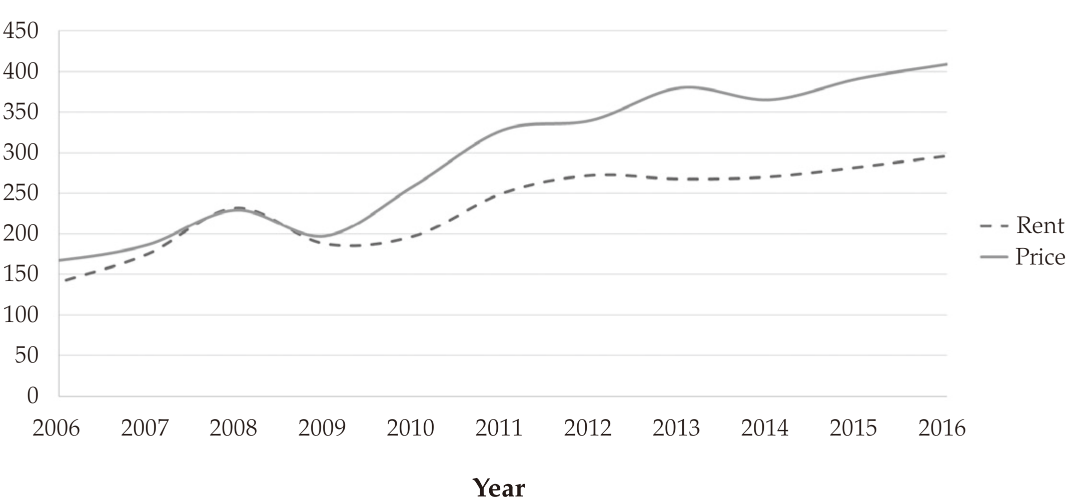
As at 31 March 2015, the net assets of the Target Company of approximately HK$329.47 million which represents an increase of approximately 7.35% as compared to the net assets of the Target Company as at 31 March 2014 of approximately HK$306.90 million. As advised by the Company, the increase was mainly due to cash received receipt from rental income and fair value gain on the Property.

Upon Completion, the Target Company will become an indirect wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the books of the Group.

1.3 Overview of the Grade A private offices market in Hong Kong

Set out below are the price index (the "**Price Index**") for Grade A offices in all core districts extracted from the website of the Rating and Valuation Department of Hong Kong (source: http://www.rvd.gov.hk/en/property_market_statistics/), consists of Sheung Wan, Central, Wan Chai, Causeway Bay and Tsim Sha Tsui (collectively, being the "**Core Districts**" as defined by the Rating and Valuation Department of Hong Kong), from 2006 to 2016 and the rental index (the "**Rental Index**") for Grade A offices in Sheung Wan and Central area from 2006 to 2016. Grade A ("**Grade A**") is defined by the Rating and Valuation Department of Hong Kong as modern with high quality finishes; flexible layout; large floor plates; spacious, well decorated lobbies and circulation areas; effective central air-conditioning; good lift services zoned for passengers and goods deliveries; professional management; parking facilities normally available.

Private Offices – Rental and Price Indices for Grade A Offices in Core Districts



Source: Rating and Valuation Department of Hong Kong

The Price Index and Rent Index have been generally increasing from 2006 to 2016. According to the Rating and Valuation Department of Hong Kong, (i) the Price Index of private office rose from an index of 167.1 in 2006 to 409.0 in 2016, representing an increase of approximately 144.76%; and (ii) the Rental Index of private office also rose from an index of 139.9 in 2006 to 296.4 in 2016, representing an increase of approximately 111.87%. Despite that the Price Index is a composition of the private office in all Core Districts, we consider that such index can still provide a general trend of the private office within the Sheung Wan and Central area.

According to the research report dated 25 January 2017 for Hong Kong's office (the "**Research Report**") from the website of Colliers International being a recognizable and reputable independent global real estate service provider (which services include property sales, leasing, appraisal and valuation) (source: http://www.colliers.com/-/media/files/marketresearch/apac/hongkong/hk-research/colliers_quarterly_hk_office_q4-2016.pdf), it sets out that investor interest remained strong in 4th quarter of 2016 with a number of sizable en-bloc and strata title transactions in the market. The prominent en-bloc transaction of the quarter was in Sheung Wan (location which is close proximate to the Property) that was sold for HK$1 billion and there were 45 transactions totaling HK$4.3 billion in the strata title sales market. Despite such statistic for the 4th quarter of 2016 represented a slight decrease as compared to the HK$6.8 billion recorded for strata title transactions in 3rd quarter of 2016, the increased number of transactions in 4th quarter of 2016 indicates the growing interest in the office investment market and in particular on smaller ticket sizes and the major reasons for this trend were the tightened fund outflow restrictions in mainland China and increased stamp duty on residential purchases that directed investors toward smaller ticket office investment opportunities.

As further set out in the Research Report, despite 2017 looks set to be an uncertain year given that the economic growth in China remains high and stable, while growth in Hong Kong has exceeded forecasts due to strong domestic demand, and at the same time the U.S. interest rates are rising and will pull Hong Kong interest rates up gradually, it is believed that the rents for private offices in the Central and Admiralty area are unlikely to show negative growth due mainly to current very low vacancy and continuing strong demand for prime office space from mainland Chinese tenants.

1.4 Valuation of the Property

We have reviewed the Property Valuation Report and the underlying valuation workings and discussed with the Property Independent Valuer, including, among other things:

(a) the terms of engagement of the Property Independent Valuer with the Company in connection with the Acquisition and its independency. We consider that the scope of valuation work per the engagement letter entered into between the Company and the Property Independent

Valuer are appropriate for the purpose of the Acquisition. Save for such engagement, the Property Independent Valuer has confirmed that it is independent from the Company, Virtue Partner, the Vendor, the Target Company, the Purchaser, Mr. Ngan Man Ho and any of their respective associates (as defined under the Takeovers Code);

(b) the qualification and experience of the Property Independent Valuer in relation to the valuation of the Property. We are given to understand that the Property Independent Valuer is certified with the relevant professional qualifications required to perform the valuation in connection with the Acquisition, and the two professionals in-charge of the valuation possesses more than nineteen years of experience in providing property valuation services in Hong Kong, Macau, Taiwan, South Korea, Mainland China, Vietnam, Cambodia and other overseas countries and more than seven years of valuation experience in Hong Kong, Mainland China and other Asia Pacific countries, respectively. According to the track record of the Property Independent Valuer, we note that it is experienced in undertaking valuation for properties (including office buildings) in Hong Kong; and

(c) the valuation methodology, procedures and assumptions adopted by the Property Independent Valuer in preparing the Property Valuation Report. The Property Independent Valuer advised that it had performed necessary due diligence for the preparation of the Property Valuation Report which includes inspection, made relevant enquiries and searches and obtained such further information as considered necessary, and conducted its own proprietary research for similar properties surrounded the Property. We also note from the Property Independent Valuer that, in valuing the Property, the Property Independent Valuer has fully complied with relevant valuation standards where details are set forth in the Property Valuation Report contained in Appendix IV to the Circular.

In arriving at the appraised value of the Property, we are advised that the Property Independent Valuer that it has made the following assumptions:

(a) Target Company sells the Property on the open market without the benefit of deferred terms contracts, leasebacks, joint ventures, or any similar arrangements which would affect its value;

(b) no allowances have been made in the valuation for any charges, mortgages or amounts owing neither on the Property nor for any expenses or taxes which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values;

(c) as the Property is held under long term leasehold interest, it is assumed that the Target Company has free and uninterrupted rights to use the Property for the whole of the unexpired term of the land tenure; and

(d) the areas shown on the documents and/or official plans handed to the Property Independent Valuer by the Group are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

As further advised by the Property Independent Valuer, they had collected and analysed the recent transactions of the comparable properties located in the vicinity of the Property. Prices of the comparable properties were then adjusted to reflect the difference between the comparable properties and the Property including, among others, properties' characteristics, location, building view, building quality, effective saleable area, considerations and date of transaction. The appraised value of the Property is then derived from the estimated effective saleable area and adopted effective unit rate of the Property. We have reviewed the underlying workings of the Property Valuation Report and discussed with the Property Independent Valuer on the selection of the comparable properties and the adjustments made. We are of the view that the basis of selection of comparable properties and the adjustments made as advised by the Property Independent Valuer are reasonable for appraising the Property. Furthermore, in addition to the valuation report, we have also conducted an independent research using property agency's websites (http://www.centaline-oir.com) to access the transaction prices of similar properties in vicinity of the Property. Subsequent to our independent research, we have noticed that the estimated value for the Property is similar to our research results.

1.5 Reasons for the Acquisition

According to the Letter from the Board, the Directors are optimistic about the prospect of the Hong Kong commercial office market. The Directors considered that the Acquisition represents an investment opportunity in Hong Kong commercial office market and the tenancy agreements entered into by the Target Company will provide stable income for the Group while at the same time the Group will have the benefits from the long term appreciation of the price in commercial offices in Hong Kong.

It is further set out in the Letter from the Board that under the Acquisition Agreement, the Group need not pay the consideration sum in cash at Completion and this will allow the Group to retain its cash reserves for its future business development.

In view of the rental income from the Property with the possibility of future long term appreciation in value of the Property and the Group's long run strategy as set out in the recent annual and interim reports of the Company, as well as the recent development of the Group, as demonstrated in the three transactions announced on 15 March and 23 March and 18 April 2017, in relation to, among other things, the acquisitions of six commercial offices and one carpark for investment purposes, we consider that the Acquisition is in line with the Group's overall business strategy that represents a reasonable inflow of income and enables the Group to benefit from the anticipated appreciation in value of the Property.

After Completion, the expected usage of the Property will remain unchanged. Approximately 15.6% of the Property will continue to be used by the Company as its principal office and the Company advised that the Company will no longer need to pay any rental fee for its use as principal office upon Completion, which equals to approximately HK$140,000 per month. The tenants of the remaining part of the Property are all independent third parties to the Group.

Our view

Having considered that (i) it is essential for the Group to enhance its income stream to generate stable and recurring income from the property investment and trading business; (ii) the Acquisition, which in line with the business strategy of the Company, enables the Group to enhance its income stream and generate stable income from the lease of the Property; (iii) the solid financial position of the Target Company; (iv) the price and rental of private office building in the Core Districts in Hong Kong has been generally increasing from 2006 to 2016; (v) the existing monthly rentals of the Property have demonstrated an average increasing trend as compared to the previous leasing contracts; (vi) we have reviewed the methodology and assumptions adopted by the Property Independent Valuer and considered that they are reasonable and in line with market practice; (vii) based on our independent research, the value for the Property is in line with the market prices; and (viii) the Company will not need to pay rental fee for its use of the Property upon Completion, we are of the view that the Acquisition is in the interests of the Company and Shareholders as a whole.

2. Principal terms of the Acquisition Agreement

2.1 Subject matter of the Acquisition Agreement

On 14 March 2017 (after trading hours of the Stock Exchange), the Group entered into the Acquisition Agreement with the Vendor in relation to the acquisition of the Sale Share and the Sale Loan by the Purchaser for an aggregate consideration of HK$450,600,000.

2.2 Consideration

Pursuant to the Acquisition Agreement, the total consideration for the Acquisition is HK$450,600,000, which shall be satisfied by the Company allotting and issuing 2,409,625,668 Consideration Shares at the Issue Price, credited as fully paid, to the Vendor (or his nominee) upon Completion.

As stated in the Letter from the Board, the consideration was determined after arm's length negotiations between the parties to the Acquisition Agreement with reference to, among others, (i) the transacted prices of comparable commercial building in the vicinity of the Property; (ii) the net assets of the Target Company; and (iii) the outstanding Bank Loan of the Target Company upon Completion shall not exceed HK$56,400,000.

The consideration of HK$450,600,000 represents a discount of approximately 0.49% to the adjusted net asset value of the Target Company ("**Adjusted NAV**") of HK$452,799,100, after taking into account of (i) the market value of HK$500,000,000 as at 28 February 2017 according to the Property Valuation Report as set out in the Appendix V of the Circular; (ii) the net current liability of the Target Company as at 31 December 2016 of HK$50,891,000 (excluding the amounts due to a director of HK$29,796,000); and (iii) the 4 months rental income of the Property from 1 January 2017 and up to 30 April 2017 of HK$3,690,100 (based on a monthly net rental income of HK$922,525, and that the Completion would take place at the end of April 2017).

According to the Property Valuation Report, the Valuer has valued the Property by market approach assuming sale of the Property in its existing state by marking reference to comparable sales transactions as available in the market. We have reviewed the sales comparable adopted by the Valuer and noted that they involve properties which are located in similar vicinity of the Property and are specifically comparable to the Property. We understand from the Valuer that such valuation methodology is commonly used in arriving at the valuation of the Property.

2.3 Consideration Shares

The Acquisition Agreement stipulates that the consideration shall be satisfied by the Company by way of allotment and issue of 2,409,625,668 Consideration Shares credited as fully paid up at the Issue Price of HK$0.187 per Consideration Share by the Company to the Vendor (or his nominee).

When allotted and issued at Completion, the 2,409,625,668 Consideration Shares will represent approximately 76.78% of the existing issued share capital of the Company as at the Latest Practicable Date (assuming that there is no change in the issued share capital of the Company up to the Completion) and approximately 43.43% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no change in the issued share capital of the Company up to the Completion).

The Consideration Shares, when allotted and issued, will rank pari passu in all respects with each other and with the Shares in issue on the date of allotment and issue of the Consideration Shares.

The Issue Price of HK$0.187 per Consideration Share represents:

(a) a premium of about 1.63% over the closing price of HK$0.184 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a premium of about 0.53% over the average of the closing prices of HK$0.186 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

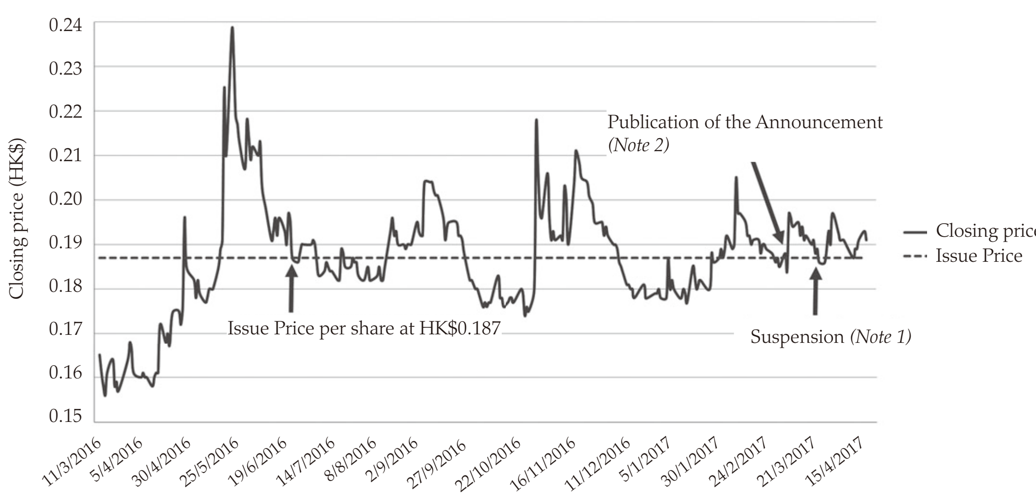
(c) a discount of approximately 2.09% to the closing price of HK$0.191 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(d) a discount of approximately 53.98% to the unaudited consolidated net assets value attributable to owners of the Company of approximately HK$0.406 per Share (calculated based on the Group's unaudited consolidated net asset value attributable to owners of the Company of HK$1,275,347,000 as at 31 December 2016 and 3,138,500,000 Shares in issue as at the Latest Practicable Date).

As disclosed in the Letter from the Board, the Issue Price was arrived at after arm's length negotiation between the Company and the Vendor by reference to the then recent trading price of the Share.

The following chart illustrates the closing prices of the Shares for the period from 14 March 2016 (being 12 months prior to the date of the Acquisition Agreement) to the Latest Practicable Date (the "**Review Period**"):

Closing price of the Shares during the Review Period



Source: the website of the Stock Exchange

Notes:

1. The trading of the Shares was suspended on 3 April 2017 which was pending the release of announcement in relation to the disposal of 30% of the shareholding interest in Apex Plan Limited.

2. The Announcement was published on 14 March 2017.

During the Review Period, the Shares closed on the Stock Exchange were between a low of HK$0.156 per Share on 17 March 2016 and a high of HK$0.238 per Share on 23 May 2016, where the Issue Price represents a premium of approximately 19.87% over the lowest closing price per Share and a discount of approximately 21.43% to the highest closing price per Share. As demonstrated in the above chart, the closing prices of the Share during the period from 14 March 2016 (being 12 months prior to the date of the Acquisition Agreement) to the Last Trading Day (the "**Pre-Announcement Period**") have fluctuated greatly. In order to further assess the fairness of the Issue Price and to provide a general picture of the Share price level to the Independent Shareholders, we have reviewed the average price level of the Share during the Pre-Announcement Period. The Shares were closed at or below HK$0.187 in 129 days out of 247 trading days. During the Pre-Announcement Period, the average closing price of the Shares was approximately HK$0.187 per Share, where the Issue Price represents a nil discount or premium to it. We consider that the Pre-Announcement Period is a representative period of time due to the fact that the Issue Price is determined based on, among other things, the historical performance of the Share and an one year period prior to the Pre-Announcement Period is a suitable length which provides a general picture of the historical and recent performance of the Share.

In assessing the fairness and reasonableness of the Issue Price, it is a general practice to make reference to other comparable companies. We have attempted to compare the price-to-earnings ratio ("**P/E Ratio**"), the ratio of the closing price to the underlying net asset value of the shares and other comparable transactions which involve acquisition of properties. However, according to the AR 2016 the Group was loss making, as such P/E Ratio is not practicable and each transaction has distinctive features which may not be comparable to the Acquisition, hence we consider comparable transactions do not provide meaningful comparable analysis. In the light of the capital-intensive nature of the principal business of the Group, we consider that the ratio of the closing price to the underlying net asset value of the share is most appropriate and relevant.

Specifically, we have adopted the ratio of the Issue Price to the underlying net asset value of the Shares against the ratio of the market capitalisation as at the Last Trading Day to the underlying net asset value of the shares of other companies engaged in business similar to the Group. In particular, we have reviewed companies listed in the Main Board of the Stock Exchange (the "**Comparable Companies**"), which (i) are principally engaged in property investment and trading and trading business (i.e. at least 50% of its revenue is generated by property investment and trading business, since majority of the Company's revenue is generated by the property investment and trading business for the financial year ended 30 June 2016); and (ii) have a market capitalisation below HK$1 billion as at 14 March 2017, being the Last Trading Day. Notwithstanding that the scale of operations, operating environment, business model, taxation, accounting policies and standards and risk profile of the Comparable Companies are not the same as those of the Group, given that the nature of the principal business of the Comparable Companies is similar to that of the Group, we consider that the Comparable Companies are fair and representative samples for comparison, and that the analysis with the Comparable Companies provides a general reference as to the market valuation of companies with similar business to the Group. In forming our opinion, we have also considered the results of the comparison together with the other factors stated in this letter as a whole. We have identified, with our best endeavour, 7 Comparable Companies which we consider to be exhaustive and complete based on the above selection criteria, and set them out in the table below.

Stock Code	Company	Principal activities	Closing price as at 14 March 2017, being the Last Trading Day *(HK$)*	Market capitalisation as at 14 March 2017, being the Last Trading Day *(HK$ million)*	Latest audited/ unaudited consolidated net asset value attributable to equity holders *(HK$ million)*	(Discount)/ Premium of market capitalisation over/to the consolidated net asset value attributable to equity holders *(%)*
1064	Zhong Hua International Holdings Ltd.	Property investment and development.	0.400	242.25	800.04	(69.72)
864	Wing Lee Property Investments Ltd.	Business of property investment, principally, the leasing of completed commercial and residential properties in Hong Kong.	1.240	478.86	1,028.9	(53.46)
115	Grand Field Group Holdings Ltd.	Investment holding, property development, property investment and trading of wines.	0.260	295.43	654.07	(54.83)
495	Paladin Ltd.	Investment holding, property development and property investment.	0.335	449.84	939.45	(52.12)
1195	Kingwell Group Ltd.	Property development and property leasing; gold mine exploration.	0.137	395.12	287.28 *(Note 1)*	37.54
21	Great China Properties Holdings Ltd.	Property development and investment, investment holding and security investment.	0.248	821.55	991.69	(17.16)
287	Winfair Investment Co. Ltd.	Property and share investments, property development and securities dealing.	10.980	439.20	770.56	(43)
Overall						
Maximum						37.54
Minimum						(69.72)
Average						(36.11)
Excluding the Outlier (as defined below):						
Maximum discount						(69.72)
Minimum discount						(17.16)
Average discount						(48.38)
The Company			0.187 *(Note 2)*	586.90 *(Note 3)*	1,275.35 *(Note 4)*	(53.98)

Source: Website of the Stock Exchange (http://www.hkex.com.hk)

Notes:

1. Calculated based on the exchange rate at RMB1.0 = HK$1.12 (where applicable), which are for illustrative purpose only in this letter.

2. Being the Issue Price of HK$0.187 per Share.

3. Being the Issue Price times the number of issued Shares of 3,138,500,000.

4. Being the unaudited consolidated net asset value attributable to the equity holders of the Company as at 31 December 2016.

We noted that, save for Kingwell Group Ltd. where market capitalisation was at a premium over the net asset value attributable to equity holders, all Comparable Companies were traded at discount to their respective net asset values attributable to equity holders and hence, we consider to exclude Kingwell Group Ltd. (the "**Outlier**") from the calculations in order to provide a more relevant statistics to the Independent Shareholders. As shown in the above table, shares of the Comparables Companies were traded ranged from a minimum discount of approximately 17.16% to a maximum discount of approximately 69.72% to their respective net asset value attributable to equity holders, with an average discount of approximately 48.38%. The discount of market capitalisation of the Company as represented by the Issue Price to the net asset value attributable to equity holders of approximately 53.98% is within the range of Comparable Companies and lies slightly deeper than the average discount of the Comparables Companies.

As the discount of market capitalisation of the Company as represented by the Issue Price to the net asset value attributable to equity holders is with a slightly deeper discount to the average but within the range of the Comparable Companies, we are of the view that the market share price of the listed companies which are principally engaged in property investment and trading and trading business is generally trading at a discount to their net asset value attributable to equity holders per share, such that the Issue Price, which represents a discount to the unaudited consolidated net assets value attributable to owners of the Company per Share, is in line with the industry's practice.

Our View

Having considered that (i) the consideration of HK$450,600,000 represents a discount of 0.49% to the Adjusted NAV; (ii) the Issue Price represents the same price as the average closing price during the Pre-Announcement Period of HK$0.187 per Share as quoted on the Stock Exchange as well as the Issue Price within the range of the closing price during such period; (iii) it is common that the market share price for listed companies engaged in property investment and trading and trading business to be trading at a discount to their net asset value attributable to equity holders per share; and (iv) the discount of market capitalisation of the Company as represented by the Issue Price to the net asset value attributable to equity holders of approximately 53.98% is within the range of Comparable Companies and lies slightly deeper than the average discount of the Comparables Companies, we are of the view that the terms of the Acquisition Agreement are fair and reasonable so far as the Independent Shareholders are concerned and that the Acquisition is in the interests of the Company and the Independent Shareholders as a whole.

3. Possible financial effects of the Acquisition

3.1 Effect on earnings

As stated in the Letter from the Board, immediately upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the results of the Target Company will be consolidated into the results of the Group. As set out in the accountants' report on the Target Company in Appendix II to the Circular, the revenue of the Target Company reached approximately HK$10.85 million for the year ended 31 March 2016 and HK$10.68 million for the year ended 31 March 2015, and profit after taxation reached approximately HK$22.53 million for the year ended 31 March 2016 and approximately HK$22.57 million for the year ended 31 March 2015. Upon Completion, the revenue and profit after taxation of the Target Company will be consolidated in the consolidated financial statements of the Group and that the future rental income from the Property will be generated to the Group. As such, we consider that the Acquisition will have a positive impact on the net profit of the Group.

3.2 Effect on net assets value

As stated in the IR 2016, the unaudited consolidated net assets of the Group as at 31 December 2016 was approximately HK$1,274 million comprising total assets of approximately HK$1,543 million and total liabilities of approximately HK$270 million. According to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to the Circular, the unaudited pro forma net assets of the Enlarged Group would increase to approximately HK$1,707 million, comprising unaudited pro forma total assets of approximately HK$2,044 million and unaudited pro forma total liabilities of approximately HK$337 million. The net asset value per Share would increase from approximately HK$0.406 as at the Latest Practicable Date (based on the amount of the issued Shares of 3,138,500,000 as at the Latest Practicable Date and the net asset value of Company as at 31 December 2016) to approximately HK$0.544 immediately upon Completion. As such, we consider that the Acquisition will have a positive impact on the net assets value of the Group.

3.3 Cash/working capital

As stated in the IR 2016, the Group has current assets of approximately HK$1,081.06 million including cash and bank balances of approximately HK$418.88 million and current liabilities of approximately HK$246.12 million as at 31 December 2016. Considering the settlement of the consideration for the Acquisition is by way of Consideration Shares issued by the Company, the effect on cash/working capital will be limited.

Our View

As the Acquisition, which the consideration will be settled through the allotment and issuance of Consideration Shares, would bring positive impact to the performance and the net assets value of the Group but without causing any immediate cash flow burden to the Group, we are of the view that the Acquisition is beneficial to the Group from the financial point of the view. In addition, Shareholders should note that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Enlarged Group will be upon the completion of the Acquisition.

4. Potential dilution effects and the Whitewash Waiver

4.1 Potential dilution effects

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon Completion (subject to Completion of the Acquisition and assuming that there is no other change in the shareholding structure of the Company before the allotment and issue of the Consideration Shares) are set out below:

Shareholders	**As at the Latest Practicable Date**		**Immediately upon Completion**	
	Number of issued Shares	*Approximate Percentage*	*Number of issued Shares*	*Approximate Percentage*
The Vendor and his concert parties				
The Vendor *(Note)*	7,328,000	0.23%	2,416,953,668	43.56%
Virtue Partner *(Note)*	936,794,000	29.85%	936,794,000	16.88%
Sub-total	944,122,000	30.08%	3,353,747,668	60.44%
Mr. Ngan Man Ho (an executive Director)	248,000	0.01%	248,000	0.01%
Public Shareholders	2,194,130,000	69.91%	2,194,130,000	39.55%
Total:	3,138,500,000	100.00%	5,548,125,668	100.00%

Note: Virtue Partner is a company incorporated in the BVI with limited liability and is wholly beneficially owned by the Vendor.

As at the Latest Practicable Date, the Independent Shareholders were interested in approximately 69.91% of the issued share capital of the Company. Upon completion of the Acquisition (assuming that there is no change in the issued share capital of the Company up to the Completion), the aggregate shareholding interests of the Independent Shareholders in the Company will be diluted by approximately 30.36% to approximately 39.55%.

Having considered the reasons and benefits of the Acquisition above, the financial effects of the Acquisition, and the analysis on the reasonableness of the consideration and the issue price of the Consideration Shares, we consider that the dilution is the shareholding interests of the Independent Shareholders in the Company upon completion of the Acquisition is justifiable.

4.2 The Whitewash Waiver

As at the Latest Practicable Date, the Vendor and the parties acting in concert with him (including Virtue Partner) in aggregate own or control 944,122,000 Shares, representing approximately 30.08% of the issued share capital of the Company. Assuming all the conditions precedent of the Acquisition Agreement are fulfilled, 2,409,625,668 Consideration Shares will be issued to the Vendor (or his nominee) upon Completion. The aggregate shareholding of the Vendor and the parties acting in concert with him will increase from approximately 30.08% of the issued share capital of the Company as at the Latest Practicable Date to 60.44% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares (assuming that there is no change in the issued share capital of the Company up to the Completion). Accordingly, the Vendor would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by him pursuant to Rule 26.1 of the Takeovers Code, unless the Whitewash Waiver is obtained from the Executive.

Paragraph 3 of Schedule VI of the Takeovers Code provides that the Executive will not normally waive an obligation under Rule 26 if there occurs any disqualifying transaction for such a waiver. Disqualifying transactions include, i) a situation where the person seeking a waiver or any person acting in concert with him has acquired voting rights in the relevant company in the six months immediately prior to the announcement of the proposals but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of such company in relation to the relevant proposal and ii) any acquisitions or disposals of voting rights are made by such persons in the period between the announcement of the proposals and the completion of the subscription.

Apart from 2,409,625,668 Consideration Shares under the Acquisition Agreement, as disclosed in Appendix VI of the Circular, none of the Vendor, Virtue Partner and any person acting in concert with him had dealt for value in Shares, options, warrants or any securities that are convertible into Shares during the Relevant Period.

An application to the Executive for the Whitewash Waiver in respect of the issue and allotment of the Consideration Shares has been made by the Vendor. The Acquisition Agreement and the transactions contemplated thereunder and the Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval by the Independent Shareholders at the EGM by way of poll. The Vendor, Virtue Partner and parties acting in concert with any of them, and their respective associates, Mr. Ngan Man Ho and any other Shareholders who are involved or interested in the Acquisition Agreement and/or the Whitewash Waiver have abstained from voting on the board resolution approving Acquisition Agreement and shall abstain from voting at the EGM in respect of the resolution(s) approving the Acquisition Agreement and the transactions contemplated thereunder and the Whitewash Waiver. The Acquisition Agreement and the transactions contemplated thereunder will not proceed if the Whitewash Waiver is not granted by the Executive or the Acquisition Agreement and the transactions contemplated thereunder and the Whitewash Waiver are not approved by the Independent Shareholders at the EGM.

Our View

Having considered (i) the fairness and reasonableness of the Issue Price of the Consideration Shares as discussed above; (ii) the positive financial impact of the Acquisition; and (iii) that the dilution in the shareholding interests of the Independent Shareholders in the Company upon completion of the Acquisition is justifiable, we are of the view that the Whitewash Waiver is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

5. Subsequent Transactions

We have further noticed that the Company has engaged several transactions subsequent to the publication of the Announcement up to the Latest Practicable Date (the "**Subsequent Transactions**"). The Subsequent Transactions are highlighted below:

(i) On 15 March 2017, each of the three wholly-owned subsidiaries of the Company (being the purchaser) and an independent third party (being the vendor) have entered into three provisional sale and purchase agreements in relation to the sale and purchase of three offices located on 30th Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong at the aggregate cash consideration of HK$61,020,400, details of which are set out in the announcement of the Company dated 15 March 2017. The parties have entered into formal sale and purchase agreements on 30 March 2017;

(ii) On 23 March 2017, each of the three wholly-owned subsidiaries of the Company (being the purchaser) and two independent third parties (being the vendors) have entered into three provisional sale and purchase agreements in relation to the sale and purchase of two offices on 29th Floor and one carpark on 2nd Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong at the aggregate cash consideration of HK$40,104,400, details of which are set out in the announcement of the Company dated 23 March 2017. The parties have entered into formal sale and purchase agreements on 6 April 2017;

(iii) On 1 April 2017, a wholly-owned subsidiary of the Company and Apex Step Holdings Limited (collectively being the vendors), an independent third party (being the purchaser) and the sole shareholder and the directors of the purchaser (being the guarantors) entered into a provisional sale and purchase agreement, pursuant to which the vendors have agreed to sell the entire issued share capital of Apex Plan Limited to the purchaser at an aggregate cash consideration of HK$1,300,000,000. Details of which are set out in the announcement of the Company dated 3 April 2017; and

(iv) On 18 April 2017, the Group (being the purchaser) has entered into a provisional sale and purchase agreement with an independent third party (being the vendor), pursuant to which, the Group has agreed to purchase 15/F, Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong from the vendor at a cash consideration of HK$108,000,000.

To assess whether the Subsequent Transactions have impact on the Acquisition (including the terms thereof), we have conducted independent researches using property agency's websites to access the transaction prices of similar properties in vicinity of the Property and subsequent to our independent research, we noticed that the transaction prices for the Subsequent Transactions are in line with the market value. As advised by the Company, the Group's principal business is property investment and trading and the Group has been exploring for property investment opportunities in Hong Kong from time to time as they are optimistic about the commercial office market and therefore we concur with the Company that the Subsequent Transactions are within the Group's ordinary and usual course of business.

In addition, we are given to understand that the Issue Price was determined by reference to the then recent trading price of the Shares prior to the entering of the Acquisition Agreement and the Company has taken no consideration of any of the Subsequent Transactions as none of the Subsequent Transactions was materialized by that time and each of the Subsequent Transactions has no relevance to the Acquisition. We have also studied the price movement of the Share price for the period upon the publication of the Announcement and up to the Latest Practicable Date (the "**Post-Announcement Period**") (shown in the chart under the paragraph "*2.3 Consideration Shares*" of the section "*Principal terms of the Acquisition Agreement*") and understood that the Share price and trading volume remained relatively stable upon the publication of announcements for the respective Subsequent Transactions and hence, we are of the view that the market value of the Group, as reflected by the market capitalization by reference to the Share market price, is not materially influenced as a result of the Subsequent Transactions.

In addition, it is confirmed by the Company that the Vendor (being the Chairman of the Board and an executive Director) has abstained from all the Board meetings in respect of the Acquisition was being considered and hence, the Vendor did not take part in the decision making of the Acquisition nor the consideration of the terms of the Acquisition Agreement for the Company.

Given the above reasons, we consider that the Subsequent Transactions are conducted within the Group's ordinary and usual course of business and does not affect the Acquisition (including the terms thereof) and therefore we remain of the view that the Acquisition Agreement and the transactions contemplated thereunder is in the interests of the Company and the Independent Shareholders as a whole.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, in particular that:

(i) Rental income is the core revenue contribution segment to the Group and the Acquisition allows the Group to enhance its income stream to generate stable and recurring income from the property investment and trading business;

(ii) the price and rental of private office building in the Core Districts in Hong Kong has been generally increasing from 2006 to 2016;

(iii) the existing monthly rentals of the Property have demonstrated an average increasing trend;

(iv) the Company will no longer need to pay any rental fee for its use as principal office upon Completion;

(v) the methodology and assumptions adopted by the Property Independent Valuer and the value for the Property are in line with the property market;

(vi) to settle the consideration by issuing the Consideration Shares allows the Company to retain more cash resources for its general working capital and future development when opportunities arise;

(vii) it is common that the market share price for listed companies engaged in property investment and trading and trading business to be trading at a discount to their net asset value attributable to equity holders per share and the discount of market capitalisation of the Company as represented by the Issue Price to the net asset value attributable to equity holders of approximately 53.98% is within the range of Comparable Companies and lies slightly deeper than the average discount of the Comparables Companies; and

(viii) the Subsequent Transactions are conducted within the Group's ordinary and usual course of business and does not affect the Acquisition (including the terms thereof),

accordingly, we advise the Whitewash Independent Board Committee, the Connected Transaction Independent Board Committee to recommend, and ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Acquisition Agreement (and the transactions contemplated thereunder) and the Whitewash Waiver.

Yours faithfully,
For and on behalf of
Veda Capital Limited
Julisa Fong
Managing Director

Note: Ms. Julisa Fong is a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 20 years of experience in investment banking and corporate finance.

SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the audited consolidated results and assets and liabilities of the Group for each of the three years ended 30 June 2014, 2015 and 2016 as extracted from the respective published annual reports of the Company and the unaudited consolidated results and assets and liabilities of the Group for the six months ended 31 December 2016 as extracted from the interim report of the Company.

According to the published annual reports of the Company, in the opinion of BDO Limited, the auditors of the Group, the consolidated financial statements for each of the three years ended 30 June 2014, 2015 and 2016 give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2014, 2015 and 2016 and of the Group's profit/(loss) and cash flows for the years then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance. There are no extraordinary and exceptional items or qualification in the audited financial statements of the Group for each of the three years ended 30 June 2016.

1. FINANCIAL SUMMARY

	For the six months ended 31 December	For the year ended 31 December		
	2016	**2016**	**2015**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)			
Continuing Operations				
Revenue	6,492	11,607	7,236	497,016
Cost of sales	(1,475)	(7,571)	(1,255)	(340,116)
Profit/(Loss) before income tax	2,364	(40,872)	12,513	236,157
Income tax expense	(1,301)	(976)	121	(32,692)
Profit/(Loss) for the period/year from continuing operations	1,063	(41,848)	12,634	203,465
Discontinued operations				
Loss for the period/year from discontinued operations	–	–	(41,525)	(193,014)
Profit/(Loss) for the period/year	1,063	(41,848)	(28,891)	10,451

	For the six months ended 31 December 2016 HK$'000	For the year ended 31 December 2016 HK$'000	2015 HK$'000	2014 HK$'000
Profit/(Loss) for the period/year attributable to:				
Owners of the Company				
Profit/(Loss) for the period/year from continuing operations	1,164	(41,259)	12,945	203,516
Loss for the period/year from discontinued operations	–	–	(41,525)	(193,014)
Loss for the period/year attributable to owners of the Company	1,164	(41,259)	(28,580)	10,502
Non-controlling interests				
Loss for the period/year from continuing operations	(101)	(589)	(311)	(51)
Loss for the period/year from discontinued operations	–	–	–	–
Loss for the period/year attributable to non-controlling interests	(101)	(589)	(311)	(51)
	1,063	(41,848)	(28,891)	10,451
				(Re-presented)
Losses per share from continuing and discontinued operations				
Basic and diluted	HK0.04 cent	HK(1.43) cents	HK(0.84) cent	HK0.30 cent
Earnings/(Losses) per share for (loss)/profit from continuing operations				
Basic and diluted	HK0.04 cent	HK(1.43) cents	HK0.38 cent	HK5.85 cents
Losses per share for losses from discontinued operations				
Basic and diluted	N/A	N/A	HK(1.23) cents	HK(5.55) cents

2. AUDITED FINANCIAL INFORMATION

The following is the audited financial statements of the Group extracted from the annual report of the Company for the year ended 30 June 2016:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	**2016** *HK$'000*	**2015** *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*16*	1,157	1,915
Investment properties	*17*	408,852	228,800
Interests in associates	*19*	–	–
Interests in joint ventures	*20*	–	–
Available-for-sale financial assets	*21*	44,982	57,188
		454,991	287,903
Current assets			
Amounts due from associates	*19*	86,914	125,613
Amounts due from a joint venture	*20*	20	20
Available-for-sale financial assets	*21*	5,982	–
Properties held for trading	*22*	105,157	32,450
Properties under development	*23*	444,775	444,705
Trade receivables	*24*	3,384	1,011
Prepayments, deposits and other receivables		1,758	5,279
Financial assets at fair value through profit or loss	*25*	26,824	1,626
Cash and bank balances	*26*	410,936	589,283
		1,085,750	1,199,987
Current liabilities			
Accrued expenses and other payables		7,642	4,444
Borrowings	*27*	2,915	–
Amounts due to non-controlling shareholders	*31*	234,813	234,122
Provision for income tax		516	7,648
		245,886	246,214
Net current assets		839,864	953,773
Total assets less current liabilities		1,294,855	1,241,676

	Notes	2016 HK$'000	2015 HK$'000
Non-current liabilities			
Borrowings	27	26,233	–
Deferred tax liabilities	29	739	325
		26,972	325
Net assets		1,267,883	1,241,351
EQUITY			
Share capital	28	31,385	27,185
Reserves		1,237,644	1,214,723
Equity attributable to owners of the Company		1,269,029	1,241,908
Non-controlling interests		(1,146)	(557)
Total equity		1,267,883	1,241,351

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	Notes	2016 HK$'000	2015 HK$'000
Cash flows from operating activities			
(Loss)/Profit before income tax from continuing operations		(40,872)	12,513
Profit before income tax from discontinued operations	11	–	16,277
		(40,872)	28,790
Adjustments for:			
Interest income		(6,024)	(13,654)
Dividend income	7	(571)	(613)
Depreciation	16	815	5,272
Write-down of properties held for trading to its net realisable value	8	4,575	–
Loss on deregistration of a subsidiary	8	10,409	–
Fair value loss/(gain) on investment properties	8	16,858	(3,800)
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	8	1,055	–
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	8	1,610	(11,367)
Equity-settled share-based payments	14	5,790	–
Interest expenses		351	1,389
Operating (loss)/profit before working capital changes		(6,004)	6,017
Increase in properties held for trading		(77,282)	(8,450)
Increase in properties under development		(70)	(261)
Increase in trade receivables		(2,373)	(31,503)
Decrease in prepayments, deposits and other receivables		3,521	5,774
Increase in accrued expenses and other payables		3,198	8,449
Purchases of financial assets at fair value through profit or loss		(26,824)	(254)
Proceeds from disposals of financial assets at fair value through profit or loss		1,626	–
Cash used in operations		(104,208)	(20,228)
Interest received		6,024	13,654
Interest paid		(351)	(1,389)
Income tax paid		(7,694)	(25,874)
Net cash used in operating activities		(106,229)	(33,837)

	Notes	2016 HK$'000	2015 HK$'000
Cash flows from investing activities of continuing and discontinued operations			
Dividend received		571	613
(Increase)/Decrease in short-term deposits with an original maturity of more than 3 months		(71,342)	169,144
Increase in restricted bank deposits		–	(5,861)
Purchases of property, plant and equipment		(57)	(26)
Purchases of investment properties		(196,910)	–
Purchases of available-for-sale financial assets		(28,689)	(1,466)
Net cash outflow from disposal of subsidiaries, an associate and a joint venture	*30(b)*	–	(23,115)
Proceeds from disposals of available-for-sale financial assets		28,713	49,142
Expenses paid for disposal of interests in subsidiaries, an associate and a joint venture		–	(3,723)
Repayment from/(Advance to) associates		38,699	(25,849)
Repayment from a joint venture		–	240
Net cash (used in)/generated from investing activities		(229,015)	159,099
Cash flows from financing activities of continuing and discontinued operations			
New bank borrowings raised		29,148	–
Repayments of borrowings		–	(87,732)
Proceeds from issue of shares		62,285	–
Advances from non-controlling shareholders		691	–
Capital element of finance lease liabilities paid		–	(288)
Net cash generated from/(used in) financing activities		92,124	(88,020)
Net (decrease)/increase in cash and cash equivalents		(243,120)	37,242
Cash and cash equivalents at beginning of year		467,220	442,846
Effect of foreign exchange rate change		(6,569)	(12,868)
Cash and cash equivalents at end of year		217,531	467,220
Analysis of balances of cash and cash equivalents	*26*		
Cash and bank balances		18,597	145,210
Short-term deposits		198,934	322,010
		217,531	467,220

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	Equity attributable to owners of the Company									
	Share capital *HK$'000*	Share premium account *HK$'000*	Translation reserve *HK$'000*	Share-based payment reserve *HK$'000*	Revaluation reserve *HK$'000*	Other reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 July 2014	34,785	1,274,759	6,159	9,241	8,490	2,997	181,956	1,518,387	(59)	1,518,328
Repurchase and cancellation of shares	(7,600)	(224,200)	–	–	–	–	–	(231,800)	–	(231,800)
Disposal of interests in a subsidiary that does not result in loss of control *(note 30(b)(ii))*	–	–	–	–	–	1,399	–	1,399	(187)	1,212
Expenses directly attributable to the disposal of interests in a subsidiary that does not result in loss of control *(note 30(b)(ii))*	–	–	–	–	–	(19)	–	(19)	–	(19)
Lapse of share options	–	–	–	(1,159)	–	–	1,159	–	–	–
Transactions with owners	(7,600)	(224,200)	–	(1,159)	–	1,380	1,159	(230,420)	(187)	(230,607)
Loss for the year	–	–	–	–	–	–	(28,580)	(28,580)	(311)	(28,891)
Other comprehensive income:										
Net fair value gain on available-for-sale financial assets *(note 21)*	–	–	–	–	4,111	–	–	4,111	–	4,111
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	–	–	–	–	(11,367)	–	–	(11,367)	–	(11,367)
Exchange differences arising on translation of foreign operations	–	–	(10,223)	–	–	–	–	(10,223)	–	(10,223)
Total comprehensive income for the year	–	–	(10,223)	–	(7,256)	–	(28,580)	(46,059)	(311)	(46,370)
At 30 June 2015	27,185	1,050,559	(4,064)	8,082	1,234	4,377	154,535	1,241,908	(557)	1,241,351

	Equity attributable to owners of the Company									
	Share capital *HK$'000*	Share premium account *HK$'000*	Translation reserve *HK$'000*	Share-based payment reserve *HK$'000*	Revaluation reserve *HK$'000*	Other reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 July 2015	27,185	1,050,559	(4,064)	8,082	1,234	4,377	154,535	1,241,908	(557)	1,241,351
Shares issued upon placing *(notes 28)*	4,200	58,800	–	–	–	–	–	63,000	–	63,000
Share issue expense	–	(715)	–	–	–	–	–	(715)	–	(715)
Equity-settled share-based payments *(note 32)*	–	–	–	5,790	–	–	–	5,790	–	5,790
Lapse of share options	–	–	–	(2,798)	–	–	2,798	–	–	–
Transactions with owners	4,200	58,085	–	2,992	–	–	2,798	68,075	–	68,075
Loss for the year	–	–	–	–	–	–	(41,259)	(41,259)	(589)	(41,848)
Other comprehensive income:										
Net fair value loss on available-for-sale financial assets *(note 21)*	–	–	–	–	(6,200)	–	–	(6,200)	–	(6,200)
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	–	–	–	–	1,055	–	–	1,055	–	1,055
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	–	–	–	–	1,610	–	–	1,610	–	1,610
Exchange differences arising on translation of foreign operations	–	–	(6,569)	–	–	–	–	(6,569)	–	(6,569)
Release of exchange reserve upon deregistration of a subsidiary *(note 30(a))*	–	–	10,409	–	–	–	–	10,409	–	10,409
Total comprehensive income for the year	–	–	3,840	–	(3,535)	–	(41,259)	(40,954)	(589)	(41,543)
At 30 June 2016	31,385	1,108,644	(224)	11,074	(2,301)	4,377	116,074	1,269,029	(1,146)	1,267,883

Note:

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 THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

1. GENERAL INFORMATION

Winfull Group Holdings Limited (the "Company") is an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Unit A, 6/F, 9 Queen's Road Central, Hong Kong. The Company's issued shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 2 December 2010.

The principal activity of the Company is investment holding. Details of its subsidiaries (together with the Company referred to as the "Group") are set out in note 18. During the year, the Group was principally engaged in the property investment and trading, property development and provision of renovation services. There were no significant changes in the Group's operation during the year.

The consolidated financial statements on pages 31 to 105 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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

The comparative figures of fair value change on investment properties and other income have been reclassified to conform with the current year's presentation.

2. ADOPTION OF NEW AND AMENDED HKFRSS

2.1 Adoption of new and amended HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 July 2015:

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to HKAS 24 Related Party Disclosures. HKAS 24 Related Party Disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

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

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

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 No mandatory effective date yet determined but is available for early adoption

HKFRSs (Amendments) – Annual Improvements 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear.

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 – Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss ("FVTPL") should provide the disclosures related to investment entities as required by HKFRS 12.

Amendments to HKFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

The amendments require an entity to apply all of the principles of HKFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined in that standard. The principles of HKFRS 3 are also applied upon the formation of a joint operation if an existing business as defined in that standard is contributed by at least one of the parties.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

HKFRS 9 (2014) includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in the financial statements.

HKFRS 9 (2014) carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 (2014) retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to each performance obligation

Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the consolidated statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17. In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently

Save as the main changes described above, the Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors are not yet in a position to quantify the effects on the Group's financial statements.

2.3 Amendments to the Listing Rules

The Company has adopted the amendments to the Listing Rules relating to the disclosures of financial information with refer to the Hong Kong Companies Ordinance, Cap. 622, in this financial year.

The directors of the Company consider that there is no impact on the Group's financial position or performance, however the amendments impact on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

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

The consolidated financial statements have been prepared under historical cost convention, except for financial assets at fair value through profit or loss, available-for-sale financial assets and investment properties, which are measured at fair value. The measurement bases are fully described in the accounting policies below.

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

3.2 Basis of consolidation

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

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

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

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

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

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

3.3 Subsidiaries

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

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

3.4 Associates

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

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

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

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

3.5 Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

(i) Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or

(ii) Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

(i) the structure of the joint arrangement;

(ii) the legal form of joint arrangements structured through a separate vehicle;

(iii) the contractual terms of the joint arrangement agreement; and

(iv) any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method – see note 3.4).

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

3.6 Foreign currency translation

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

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

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

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

3.7 Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

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

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

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

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

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

3.8 Impairment of assets (other than financial assets)

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

- property, plant and equipment; and
- investments in subsidiaries, associates and joint ventures

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

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

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

3.9 Investment property

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

3.10 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessor

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

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

3.11 Properties held for trading

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

3.12 Properties under development

Properties under development for future sale in the ordinary course of business are carried at the lower of cost and net realisable value. Cost comprises the acquisition cost of land and/or properties, development expenditure, other direct expenses and capitalised borrowing costs. Net realisable value represents the estimated selling price less estimated cost of completion and applicable selling expenses.

3.13 Financial assets

The Group's financial assets are classified into loans and receivables, financial assets at fair value through profit or loss and available-for-sale financial assets.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date, that is, the date that the Group commits to purchase or sell the asset. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured at amortised cost using effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are mainly financial assets held for trading and they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

– the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or

– the assets are part of a group of financial assets which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel; or

– the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised in accordance with the Group's policies in note 3.19.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised in other comprehensive income and accumulated separately in the revaluation reserve in equity, except for impairment losses and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Interest calculated using effective interest method is recognised in profit or loss.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition.

Impairment of financial assets

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

(i) *Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

(ii) *Available-for-sale financial assets*

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and accumulated in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in profit or loss as an impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Reversals in respect of investment in equity instruments classified as available-for-sale and stated at fair value are not recognised in profit or loss. The subsequent increase in fair value is recognised directly in other comprehensive income. Impairment losses in respect of debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversal of impairment losses in such circumstances are recognised in profit or loss.

(iii) *Financial assets carried at cost*

The amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Financial assets other than financial assets at fair value through profit or loss and trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

Impairment losses recognised in an interim period in respect of available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of an annual period, or in a subsequent period, the increase is recognised in other comprehensive income.

3.14 Cash and cash equivalents

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

3.15 Financial liabilities

The Group's financial liabilities include trade and other payables, borrowings and amount due to non-controlling shareholders.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument and are derecognised when the obligations under the liability are discharged, cancelled or expires. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

These are recognised initially at fair value and subsequently measured at amortised cost, using effective interest method.

3.16 Provisions and contingent liabilities

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

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

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

3.17 Share capital

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

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

3.18 Borrowing costs

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

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

3.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, rendering of services and the use by others of the Group's assets yielding interest, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Commission income is recognised in the accounting period in which the services are rendered and the Group's entitlement to commission income becomes unconditional or irrevocable;

Trading of property and sale of properties under development are recognised when the significant risks and rewards of ownership of the properties are transferred to the buyers;

Interest income is recognised on time-proportion basis using effective interest method;

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the accounting periods covered by the lease terms. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivables;

Renovation service income and lease management services income are recognised when the services are rendered; and

Dividend income is recognised when the right to receive payment is established.

3.20 Income tax

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

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

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

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

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

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

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

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

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

   (i) the same taxable entities; or

   (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.21 Retirement benefit costs and short term employee benefits

(i) Defined contribution retirement plan

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

Contributions are made based on a percentage of the employees' basic salaries and recognised in profit or loss as employees render services during the year. Assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

(ii) Short-term employee benefits

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

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

3.22 Share-based employee compensation

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

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

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

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

3.23 Segment reporting

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

The Group has identified the following reportable segments:

Property Assembly and Brokerage Business:	Provision of property brokerage services; provision of schemes for property consolidation, assembly and redevelopment; and property trading for assembly project purpose (This has been discontinued in 2015)
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

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 are the same as those used in its financial statements prepared under HKFRSs, except that reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets and disposals of available-for-sale financial assets, certain interest income, dividend income, share of results of 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.

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

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

No asymmetrical allocations have been applied to reportable segments.

3.24 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

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

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

3.25 Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of a guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised as investment in subsidiaries on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantee issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount, where appropriate.

3.26 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as discontinued, a single amount is presented on the face of the consolidated income statement, which comprises:

– post-tax profit or loss of the discontinued operation; and

– post-tax gain or loss recognised on the measurement to fair value less costs of disposal, or on the disposal, of the assets or disposal groups constituting the discontinued operation.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

4.1 Net realisable value of properties under development and properties held for trading

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

4.2 Impairment of receivables

The impairment loss on receivables of the Group is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

4.3 Impairment of available-for-sale financial assets

The impairment loss on available-for-sale financial assets is established when there is objective evidence. The directors of the Company review available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value of an investment in an equity instrument below their cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the directors evaluate, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

4.4 Taxation

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

4.5 Fair value of investment properties

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

4.6 Valuation of share options

For the share options granted to the directors of the Company, the fair value of the options granted was determined by applying an option pricing model. The directors exercise their judgment in selecting an appropriate valuation technique for the share options granted by the Group.

Valuation technique, namely Black-Scholes valuation model, which is commonly used by market practitioners, has been applied for estimating the fair values of share options granted to the directors of the Company. The estimation of fair values of the share options are derived after taking into account the input parameters. Significant estimates and assumptions made by management included the estimated life of share options granted based on exercise restrictions and behavioural considerations; the volatility of share price which was determined by reference to historical data and weighted average share prices and exercise prices of the share options granted. Details of the inputs and parameters are set out in note 32.

5. SEGMENT INFORMATION

The executive directors have identified the Group's three (2015: four) product and service lines as operating segments as further described in note 3.23. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

There was no inter-segment sale and transfer during the year (2015: Nil).

	2016			
	Property Development Business	Property Investment and Trading Business	Renovation Business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment revenue:				
From external customers	–	8,950	2,657	11,607
Reportable segment profit/(loss)	(11,115)	(10,604)	198	(21,521)
Bank interest income	–	1	–	1
Depreciation	–	392	3	395
Fair value loss on investment properties	–	16,858	–	16,858
Write-down of properties held for trading to its net realisable value	–	4,575	–	4,575
Loss on deregistration of a subsidiary	10,409	–	–	10,409
Reportable segment assets	531,807	529,016	1,159	1,061,982
Additions to investment properties	–	196,910	–	196,910
Reportable segment liabilities	218,960	52,439	322	271,721

	2015					
	Continuing Operations				Discontinued operations	
	Property Development Business	Property Investment and Trading Business	Renovation Business	Total	Property Assembly and Brokerage Business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Re-presented)	(Re-presented)	(Re-presented)	(Re-presented)	(Re-presented)	(Re-presented)
Reportable segment revenue:						
From external customers	–	5,862	1,374	7,236	58,285	65,521
Reportable segment profit/(loss)	(941)	8,209	107	7,375	(38,114)	(30,739)
Bank interest income	–	1	–	1	231	232
Depreciation	–	392	19	411	4,155	4,566
Fair value gain on investment properties	–	3,800	–	3,800	–	3,800
Reportable segment assets	578,535	266,969	1,503	847,007	–	847,007
Additions to non-current assets during the year	–	3,800	–	3,800	26	3,826
Reportable segment liabilities	226,503	2,922	883	230,308	–	230,308

Certain comparative figures in segment information for the year ended 30 June 2015 have been re-presented. Previously, the segments of "Property Development Business – Hong Kong" and "Property Development Business – United Kingdom" were reported as the two separate segments. For the year ended 30 June 2016, they were reported under the single segment of "Property Development Business" as a result of the change in information reported internally for the purposes of resources allocation and assessment of business performance. Comparative figures have been re-presented accordingly.

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:

	2016	2015
	HK$'000	*HK$'000*
		(Re-presented)
Revenue		
Reportable segment revenue	11,607	65,521
Consolidated revenue	11,607	65,521
Profit before income tax and discontinued operations		
Reportable segment loss	(21,521)	(30,739)
Reportable segment loss – discontinued operations	–	38,114
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	(1,610)	11,367
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	(1,055)	–
Interest income	6,023	13,422
Dividend income	571	613
Exchange loss, net	(7,720)	(6,826)
Equity-settled share-based payments	(5,790)	–
Corporate salaries and allowances	(4,554)	(4,025)
Depreciation on corporate property, plant and equipment	(420)	(706)
Corporate rent and rates	(2,965)	(5,503)
Unallocated corporate income	650	–
Unallocated corporate expenses	(2,481)	(3,204)
Consolidated (loss)/profit before income tax from continuing operations	(40,872)	12,513
Assets		
Reportable segment assets – continuing operations	1,061,982	847,007
Reportable segment assets – discontinued operations	–	–
Available-for-sale financial assets	50,964	57,188
Financial assets at fair value through profit or loss	26,824	1,626
Corporate cash and bank balances	399,907	577,271
Amounts due from a joint venture	20	20
Other corporate assets	1,044	4,778
Consolidated total assets	1,540,741	1,487,890
Liabilities		
Reportable segment liabilities – continuing operations	271,721	230,308
Reportable segment liabilities – discontinued operations	–	–
Other corporate liabilities	1,137	16,231
Consolidated total liabilities	272,858	246,539

The Group's revenue from external customers are all derived from Hong Kong. Non-current assets are located in Hong Kong. The geographical location of customers is based on the location at which the services were provided and the goods were delivered. The geographical location of non-current assets is based on the physical location of the assets.

During the year, there was neither revenue from external customers attributable to the Cayman Islands (domicile) (2015: Nil) nor non-current assets were located in the Cayman Islands (2015: Nil). The country of domicile is the country where the Company was incorporated.

Revenue from the major customers is as follows:

	2016	**2015**
	HK$'000	*HK$'000*
Customer A *(note i)*	5,807	–
Customer B *(note ii)*	2,416	–
Customer C *(note i)*	2,260	–
Customer D *(note iii)*	–	53,790
	10,483	53,790

Notes:

(i) derived from the Property Investment and Trading Business.

(ii) derived from the Renovation Business.

(iii) derived from the Property Assembly and Brokerage Business.

6. REVENUE

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

	2016	**2015**
	HK$'000	*HK$'000*
Continuing operations		
Rental income from investment properties	8,950	5,862
Renovation service income	2,657	1,374
	11,607	7,236
Discontinued operations		
Commission income	–	56,656
Lease management services income	–	1,629
	–	58,285
	11,607	65,521

7. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Interest income	6,024	13,423
Dividend income	571	613
Rental income from properties held for trading and properties under development	3,481	287
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	–	11,367
Sundry income	658	42
	10,734	25,732

8. (LOSS)/PROFIT BEFORE INCOME TAX

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
(Loss)/Profit before income tax is arrived at after charging/(crediting) the following:		
Auditor's remuneration		
– current year provision	367	516
Cost of inventories recognised as expense, including:		
Write-down of properties held for trading to its net realisable value	4,575	–
Depreciation	815	1,117
Employee costs *(note 14)*	10,344	4,324
Exchange losses, net	7,720	6,826
Fair value loss/(gain) on investment properties *(note 17)*	16,858	(3,800)
Loss on deregistration of a subsidiary *(note 30(a))*	10,409	–
Minimum lease payments under operating lease rentals for land and buildings	3,448	5,856
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets *(note 7)*	1,610	(11,367)
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	1,055	–

9. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Interests on bank loans which include those with a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements	351	588

10. INCOME TAX EXPENSE/(CREDIT)

No Hong Kong profits tax has been provided as the Group had no estimated assessable profits arising in or derived from Hong Kong for the years ended 30 June 2016 and 2015. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

Income tax in the consolidated income statement is as follows:

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Current tax – Overseas		
Provision for the year	562	–
Over-provision in respect of prior years	–	(81)
	562	(81)
Deferred tax *(note 29)*	414	(40)
Total income tax expense/(credit)	976	(121)

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

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
(Loss)/Profit before income tax	(40,872)	12,513
Notional tax on profit or loss before income tax, calculated at the rates applicable to profits/loss in the countries concerned	(6,758)	2,055
Tax effect of non-deductible expenses	6,774	1,251
Tax effect of non-taxable revenue	(835)	(4,208)
Tax effect of temporary difference not recognised	145	87
Tax effect of unused tax losses not recognised	1,650	775
Over provision in prior years	–	(81)
Income tax expense/(credit)	976	(121)

11. DISCONTINUED OPERATIONS

2015

On 11 December 2014, the Company entered into the conditional sale and purchase agreement with Richfield (Holdings) Limited ("RHL") (which was incorporated in the Republic of Marshall Islands with limited liability and a substantial shareholder of the Company, Mr. Au Wing Wah, is the sole beneficial shareholder of RHL), pursuant to which (i) the Company conditionally agreed to sell and RHL conditionally agreed to purchase the entire share issued share capital of Vastwood Limited (together with its subsidiaries collectively referred to as the "Vastwood Group") and all obligations, liabilities and debts owing or incurred by the Vastwood Group to the Group on or at any time prior to the completion of the disposal (the "Sale Loan"); and (ii) the Company conditionally agreed to repurchase and RHL conditionally agreed to sell 760,000,000 shares of the Company. As a result, the disposal was completed on 27 February 2015, the date on which the control of the Vastwood Group passed to the acquirer. The consideration for the disposal was settled by RHL by 760,000,000 shares of the Company at completion date.

As a result of the disposal, the Company effectively disposed of (i) 100% interest in the Vastwood Group, (ii) 49% interest in Brilliant Icon Limited ("Brilliant Icon"), (iii) an associate (i.e. 20% interest in Corporate Icon Limited ("Corporate Icon"); and (iv) a joint venture (i.e. 10% interest in Cosmo Reach Limited ("Cosmo Reach")).

The Vastwood Group was principally engaged in provision of property brokerage services, provision of schemes for property consolidation, assembly and redevelopment business. As the Vastwood Group represented separate component of the Group's businesses, the operations and cash flows of which could be clearly distinguished from the rest of the Group and which represented separate major line of businesses, the Group presented, in its financial statements, the operations of the disposal group as discontinued operations in accordance with HKFRS 5.

The results and cash flows from provision of property brokerage services, provision of schemes for property consolidation, assembly and redevelopment businesses included in the consolidated financial statements are as follows:

	HK$'000
Revenue	58,285
Cost of sales	(16,999)
Other income	903
Selling and distribution expenses	(2,990)
Administrative expenses and other operating expenses	(22,121)
Finance costs	(801)
Profit before income tax	16,277
Loss on disposal of subsidiaries, an associate and a joint venture *(note 30(b))*	(54,391)
Income tax expense	(3,411)
Loss for the year from discontinued operations	(41,525)
Net cash used in operating activities	(776)
Net cash used in investing activities	(5,677)
Net cash used in financing activities	(1,588)
Net cash outflows	(8,041)

The carrying amounts of the assets and liabilities of the Vastwood Group at the date of disposal are disclosed in note 30(b) to the financial statements.

A loss of HK$54,391,000 arose on the disposal of the Vastwood Group, its associate and its joint venture and a gain on HK$1,380,000 arose on the disposal of 49% interest in Brilliant Icon, being the proceeds of disposal less the carrying amount of the Vastwood Group's, its associate's, its joint venture's and 49% interest in Brilliant Icon's net assets and attributable goodwill, which was recognised in profit or loss and in other reserve respectively, details of which are set out in note 30(b). No tax charge or credit arose from the disposal.

2016

No discontinued operations were recognised during the year.

12. DIVIDENDS

The directors do not recommend the payment of final dividend for the year ended 30 June 2016 (2015: Nil).

13. (LOSSES)/EARNINGS PER SHARE

(a) From continuing and discontinued operations

The calculations of basic and diluted (losses)/earnings per share from continuing and discontinued operations are based on the following data:

	2016	2015
	HK$'000	*HK$'000*
Loss for the year, attributable to owners of the Company	(41,259)	(28,580)

	Number of shares	
	'000	*'000*
		(Re-presented)
Weighted average number of ordinary shares for the purpose of basic (losses)/earnings per share	2,882,281	3,386,745
Effect of dilutive potential ordinary shares in respect of the Company's share option scheme	7,755	7,540
Weighted average number of shares for the purpose of diluted (losses)/earnings per share	2,890,036	3,394,285

For the year ended 30 June 2015, the weighted average number of ordinary shares in issue was re-presented, after adjusting for the bonus elements in the shares issued under the placing (note 28).

(b) From continuing operations

The calculations of basic and diluted (losses)/earnings per share from continuing operations attributable to the owners of the Company are based on the following data:

	2016	2015
	HK$'000	*HK$'000*
(Loss)/Profit for the year from continuing operations	(41,259)	12,945

The denominators used are the same as those detailed above for both basic and diluted (losses)/earnings per share from continuing and discontinued operations.

(c) From discontinued operations

The calculation of basic and diluted losses per share from discontinued operations attributable to the owners of the Company is based on the following data:

	2016	2015
	HK$'000	*HK$'000*
Loss for the year from discontinued operations	N/A	(41,525)

The denominators used are the same as those detailed above for both basic and diluted (losses)/earnings per share from continuing and discontinued operations.

14. EMPLOYEE COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Salaries, allowances and benefits in kind	4,456	4,202
Equity-settled share-based payments *(note 32)*	5,790	–
Pension costs – defined contribution plans	98	122
	10,344	4,324

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

(a) Directors' emoluments

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

	Fees	Salaries, allowances and benefits in kind	Equity-settled share-based payments	Pension cost – defined contribution plans	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30 June 2016					
Executive directors					
Mr. Pong Wilson Wai San (Appointed on 17 May 2016)	717	–	2,693	–	3,410
Mr. Lee Wing Yin	936	–	2,773	18	3,727
Mr. Ngan Man Ho	854	–	324	18	1,196
Non-executive director					
Mr. Lai Hin Wing Henry	121	–	–	–	121
Independent non-executive directors					
Mr. Koo Fook Sun Louis	121	–	–	–	121
Mr. Lung Hung Cheuk	121	–	–	–	121
Ms. Yeung Wing Yan Wendy	121	–	–	–	121
	2,991	–	5,790	36	8,817

	Fees	Salaries, allowances and benefits in kind	Equity-settled share-based payments	Pension cost – defined contribution plans	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30 June 2015					
Executive directors					
Mr. Lee Wing Yin	902	–	–	18	920
Mr. Ngan Man Ho	821	–	–	18	839
Non-executive director					
Mr. Lai Hin Wing Henry	110	–	–	–	110
Independent non-executive directors					
Mr. Koo Fook Sun Louis	110	–	–	–	110
Mr. Lung Hung Cheuk	110	–	–	–	110
Ms. Yeung Wing Yan Wendy	110	–	–	–	110
	2,163	–	–	36	2,199

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2015: Nil).

(b) Five highest paid individuals

Of the five individuals whose emoluments were the highest in the Group for the year ended 30 June 2016, three (2015: two) are directors whose emoluments are reflected in the analysis presented above. The emoluments paid/payable to the two (2015: three) individuals for the years ended 30 June 2016 and 2015 are as follows:

	2016	2015
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	720	7,488
Pension costs – defined contribution plans	34	36
	754	7,524

Their emoluments fell within the following bands:

	Number of individuals 2016	2015
Emolument bands		
Nil to HK$1,000,000	2	1
HK$2,000,001 to HK$2,500,000	–	1
HK$4,000,001 to HK$4,000,000	–	1

During the years ended 30 June 2016 and 2015, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office.

There was no arrangement under which any of the five highest paid employees waived or agreed to waive any remuneration during the year (2015: Nil).

The emoluments paid or payable to member of senior management were within the following bands:

	Number of individuals 2016	2015
Emolument bands		
HK$4,000,001 to HK$4,500,000	–	1

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
At 1 July 2014					
Cost	129,816	10,380	5,679	11,148	157,023
Accumulated depreciation	(10,169)	(7,583)	(1,875)	(8,907)	(28,534)
Net carrying amount	119,647	2,797	3,804	2,241	128,489
Year ended 30 June 2015					
Opening net book amount	119,647	2,797	3,804	2,241	128,489
Additions	–	16	–	10	26
Disposal of subsidiaries *(note 30(b)(i))*	(117,612)	(1,861)	(1,414)	(441)	(121,328)
Depreciation	(2,035)	(926)	(887)	(1,424)	(5,272)
Closing net book amount	–	26	1,503	386	1,915
At 30 June 2015 and 1 July 2015					
Cost	–	391	1,961	2,668	5,020
Accumulated depreciation	–	(365)	(458)	(2,282)	(3,105)
Net carrying amount	–	26	1,503	386	1,915
Year ended 30 June 2016					
Opening net book amount	–	26	1,503	386	1,915
Additions	–	57	–	–	57
Depreciation	–	(38)	(391)	(386)	(815)
Closing net book amount	–	45	1,112	–	1,157
At 30 June 2016					
Cost	–	448	1,961	2,668	5,077
Accumulated depreciation	–	(403)	(849)	(2,668)	(3,920)
Net carrying amount	–	45	1,112	–	1,157

17. INVESTMENT PROPERTIES

	2016	2015
	HK$'000	*HK$'000*
Fair value:		
At the beginning of the year	228,800	249,000
Additions	196,910	–
Fair value (loss)/gain	(16,858)	3,800
Transfer	–	(24,000)
At the end of the year	408,852	228,800

Analysis of carrying amount of investment properties is as follows:

	2016	2015
	HK$'000	*HK$'000*
In Hong Kong		
– 10 to 50 years (medium leases)	301,059	228,800
– Over 50 years (long leases)	107,793	–
	408,852	228,800

The fair value of the Group's investment properties at 30 June 2016 has been arrived at on market value basis carried out by the independent professional valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. Fair values as at 30 June 2016 are determined using direct comparison approach. The comparison based on prices realised on actual sales of comparable properties is made. Comparable properties with similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

Significant unobservable inputs	Range
Quality of properties	–25% to 15% (2015: –15% to 15%)

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

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

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

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

18. SUBSIDIARIES

The directors of the Company are of the opinion that a complete list of the particulars of all the subsidiaries is of excessive length and therefore the following list contains only the particulars of the subsidiaries which materially affect the results or assets of the Group. Details of principal subsidiaries as at 30 June 2016 are as follows:

	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital	Percentage of ownership interests/ voting rights/ profit share				Principal activities
			Directly		Indirectly		
			2016	2015	2016	2015	
World Fair Global Limited	British Virgin Islands ("BVI")	Ordinary, United States dollars ("US$")1	100	100	–	–	Investment holding
Alpha Easy Limited	BVI	Ordinary, US$1	100	100	–	–	Investment holding
Achiever Connect Limited#	BVI	Ordinary, US$1	–	–	100	–	Property investment
Formal Focus Limited#	BVI	Ordinary, US$1	–	–	100	–	Property investment
Central Fly Limited	BVI	Ordinary, US$1	–	–	100	100	Property investment
Brilliant Icon Limited	BVI	Ordinary, US$100	–	–	51	51	Property trading
Next Excel Limited#	BVI	Ordinary, US$1	–	–	100	–	Property trading
High Bond Limited	BVI	Ordinary, US$1	–	–	51	51	Property development
Virtus Architects Limited	HK	Ordinary, HK$1	–	–	100	100	Provision of renovation services
August Ally Limited	BVI	Ordinary, US$1	–	–	100	100	Investment holding

newly incorporated during the year

19. INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM ASSOCIATES

	2016	2015
	HK$'000	*HK$'000*
Non-current		
Share of net assets	–	–
Current		
Due from associates	86,914	125,613

As at 30 June 2016 and 2015, amounts due from associates are unsecured, interest-free and repayable on demand.

During the year ended 30 June 2015, the Group disposed of its interest in one of its associates (i.e. Corporate Icon), details of which are set out in note 30(b).

Particulars of associates as at 30 June 2016 are as follows:

Name of associates	Particular of issued and paid up share capital	Place of incorporation and operations	Form of business structure	Percentage of ownership interests/ voting rights/ profit share	Principal activities
Apex Plan Limited	10 ordinary shares of US$1 each	BVI	Incorporated	30%	Investment holding
Everhost Limited	Ordinary share of HK$1	HK	Incorporated	30%	Property development
Gora Holdings Limited	1 ordinary share of US$1	BVI	Incorporated	30%	Investment holding
Joint Channel Limited	Ordinary share of HK$1	HK	Incorporated	30%	Property development

All associates adopt their financial year end dates on 31 December.

The aggregated amounts of financial information as extracted from the financial statements of associates for the year ended 30 June 2016 are as follows:

	2016	**2015**
	HK$'000	*HK$'000*
Current assets	919,694	795,626
Non-current assets	2,332	1,063
Current liabilities	945,228	813,417
Revenue	–	–
Loss for the year	(6,474)	(5,146)

The Group has discontinued the recognition of its share of losses of certain associates because the share of losses of these associates had exceeded the Group's interests in them. The amounts of unrecognised share of those associates, extracted from the financial statements of associates, both for the year and cumulatively, are as follows:

	2016	**2015**
	HK$'000	*HK$'000*
Unrecognised share of loss of associates for the year	1,942	1,544
Accumulated unrecognised share of losses of associates	6,961	5,019

20. INTERESTS IN JOINT VENTURES AND AMOUNT DUE FROM A JOINT VENTURE

	2016	2015
	HK$'000	*HK$'000*
Non-current		
Share of net assets	–	–
Current		
Due from a joint venture	20	20

Amounts due from a joint venture are unsecured, interest-free and repayable on demand.

Particulars of the joint ventures as at 30 June 2016 are as follows:

Name of joint ventures	Particular of issued and paid up shares	Place of incorporation and operations	Form of business structure	Percentage of ownership interests/ voting rights/ profit share	Principal activities
Clear Partner Limited	100 ordinary shares of US$1 each	BVI	Incorporated	50%	Property development
WG Venture Limited*	1 ordinary share of HK$1	HK	Incorporated	50%	Property development

* This company is wholly owned by Clear Partner Limited.

Summarised financial information in relation to the joint ventures is presented below:

	2016	2015
	HK$'000	*HK$'000*
Non-current assets	–	–
Current assets	17	25
Current liabilities	39	39
Included in the above amounts are:		
Current financial liabilities (excluding trade and other payables)	39	39
Revenue	–	–
Loss for the year	(8)	(15)

The Group has discontinued the recognition of its share of losses of certain joint ventures because the share of losses of these joint ventures had exceeded the Group's interests in them. The amounts of unrecognised share of those joint ventures, extracted from the financial statements of joint ventures, both for the year and cumulatively, are as follows:

	2016 HK$'000	2015 HK$'000
Unrecognised share of loss of joint ventures for the year	4	8
Accumulated unrecognised share of losses of joint ventures	12	8

During the year ended 30 June 2015, the Group disposed of its interest in one of its joint ventures (i.e. Cosmo Reach), details of which are set out in note 30(b).

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 *HK$'000*	2015 *HK$'000*
Non-current		
Listed equity securities – Hong Kong	11,789	15,635
Listed debts investments – Hong Kong	–	25,346
Listed debts investments – outside Hong Kong	–	5,053
Unlisted investment funds	33,193	11,154
	44,982	57,188
Current		
Unlisted investment funds (Reclassified from non-current portion during the year)	5,982	–
	50,964	57,188

	2016 *HK$'000*	2015 *HK$'000*
Net carrying amount at beginning of the year	57,188	100,753
Additions	28,689	1,466
Disposals	(28,713)	(49,142)
Changes in fair value (debited)/credited to revaluation reserve in equity	(6,200)	4,111
Net carrying amount at end of the year	50,964	57,188

Listed equity securities, listed debts investments and unlisted investment funds with carrying amounts of HK$11,789,000 (2015: HK$15,635,000), nil (2015: HK$30,399,000) and HK$19,909,000 (2015: nil) respectively are stated at fair value. The fair values have been determined directly by reference to published price and quotations in active markets.

Unlisted investment funds with a carrying amount of HK$19,266,000 (2015: HK$11,154,000) are measured at cost less impairment losses as the variability in the range of reasonable fair value estimates is significant and the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value. The directors of the Company are of the opinion that the fair value cannot be measured reliably.

As at 30 June 2016, available-for-sale financial assets were individually determined to be impaired on the basis of a material decline in their fair value below cost which indicated that the investment costs may not be recovered. For the year ended 30 June 2016, an impairment of HK$1,055,000 (2015: Nil) on these investments was recognised in profit or loss in accordance with the policy set out in note 3.13. As at 30 June 2016, the fair value of individual impaired available-for-sale equity securities was HK$2,145,000 (2015: Nil).

22. PROPERTIES HELD FOR TRADING

Analysis of carrying amount of properties held for trading is as follows:

	2016	**2015**
	HK$'000	*HK$'000*
In Hong Kong		
– 10 to 50 years (medium leases)	31,402	32,450
In United Kingdom		
– Freehold	73,755	–
	105,157	32,450

On 6 June 2014, the board of directors of one of its subsidiaries resolved that there was a change of intention on one of the properties held for trading from "properties held for trading" to "investment properties" for the long term investment and this property is held for capital appreciation, rather than held for trading in its ordinary course of business. This property shall be transferred to investment properties when there is a change in use, evidenced by commencement of an operating lease to another party in accordance with HKAS 40.

As at 30 June 2016, the Group's properties held for trading with net carrying amount of HK$73,755,000 (2015: Nil) were pledged to secure bank loans of HK$29,148,000 (2015: Nil) (Note 27).

23. PROPERTIES UNDER DEVELOPMENT

Properties under development are all held under medium leases and located in Hong Kong.

	2016	**2015**
	HK$'000	*HK$'000*
At cost:		
At the beginning of the year	444,705	444,444
Additions	70	261
At the end of the year	444,775	444,705

All properties under development are expected to be recovered after more than one year.

24. TRADE RECEIVABLES

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

Based on the invoice dates, all trade receivables as at 30 June 2016 and 30 June 2015 were aged within 90 days.

All trade receivables are subject to credit risk exposure. Impairment on trade receivables is recognised when the debts are identified to be irrecoverable.

Based on the due dates, no trade receivables as at 30 June 2016 and 30 June 2015 was past due nor impaired.

As at 30 June 2016, there was no amount denominated in a currency other than the functional currency of the entity to which they relate (2015: Nil).

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

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

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

These represented the unlisted investment funds and are held for trading purposes. The balances at the reporting dates are stated at fair values which have been determined by reference to the quoted bid prices at the reporting dates.

26. CASH AND BANK BALANCES

	2016	**2015**
	HK$'000	*HK$'000*
Cash and bank balances	18,597	145,210
Short-term deposits	392,339	444,073
Total cash and bank balances as stated in the consolidated statement of financial position	410,936	589,283
Short-term deposits with an original maturity of more than three months	(193,405)	(122,063)
Cash and cash equivalents for the presentation of the consolidated statement of cash flows	217,531	467,220

Cash at banks earn interest at rates up to 0.4% (2014: 0.4%) per annum based on the daily bank deposits rates. Short-term deposits earn interest at rates of 0.60% to 1.26% (2015: 0.01% to 4.30%) per annum and are eligible for immediate cancellation without receiving any interest for the last deposit period.

Included in cash and bank balances of the Group is an aggregate amount of HK$2,000 (2015: HK$126,201,000) of bank balances denominated in Renminbi ("RMB") placed with the banks in Hong Kong. RMB is not a freely convertible currency.

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

27. BORROWINGS

	2016	**2015**
	HK$'000	*HK$'000*
Current		
Bank loans, secured	2,915	–
Non-current		
Bank loans, secured	26,233	–
	29,148	–

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

	2016	**2015**
	HK$'000	*HK$'000*
Within one year or on demand	2,915	–
In the second year	2,915	–
In the third to fifth years, inclusive	8,744	–
Beyond five years	14,574	–
	29,148	–

All bank loans as at 30 June 2016 were secured by guarantees by the Company and the pledge of certain properties held for trading (note 22) with net carrying amounts of HK$73,755,000.

During the year, the effective interest rates of the Group's borrowings were ranged 3.02% to 3.09% per annum (2015: Nil).

28. SHARE CAPITAL

	2016		**2015**	
	Number of shares		**Number of shares**	
	'000	*HK$'000*	*'000*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	10,000,000	100,000	10,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At the beginning of the year	2,718,500	27,185	3,478,500	34,785
Placing of new shares	420,000	4,200	–	–
Cancellation of the repurchased shares on 2 March 2015	–	–	(760,000)	(7,600)
At the end of the year	3,138,500	31,385	2,718,500	27,185

On 25 May 2016, pursuant to a placing agreement between the Company and a placing agent dated 13 May 2016, the Company issued an aggregate of 420,000,000 new ordinary shares of HK$0.01 each at a price of HK$0.15 per share to the independent parties. Details of the share placing were set out in the Company's announcement dated 13 May 2016.

29. DEFERRED TAX

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

	Accelerated tax allowances	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 July 2014	1,241	(876)	365
Charged/(Credited) to profit or loss *(note 10)*	414	(454)	(40)
At 30 June 2015 and 1 July 2015	1,655	(1,330)	325
Charged to profit or loss *(note 10)*	414	–	414
At 30 June 2016	2,069	(1,330)	739

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

	2016	2015
	HK$'000	*HK$'000*
Deferred tax assets	–	–
Deferred tax liabilities	739	325
	739	325

At the reporting date, the Group had unrecognised deferred tax assets as follows:

	2016	2015
	HK$'000	*HK$'000*
Tax effect of temporary differences arising as a result of:		
Deferred tax assets:		
Tax losses available to set off against future assessable profits	3,596	2,961
Excess of depreciation charged in the financial statements over depreciation allowance claimed for tax purpose	78	19
	3,674	2,980

No provision for deferred taxation has been recognised in respect of the tax losses of HK$29,184,000 (2015: HK$17,948,000) as this has not yet been all agreed with the Inland Revenue Department and there is the unpredictability of future profit streams. The tax losses do not expire under current tax legislation.

30. DEREGISTRATION OF A SUBSIDIARY/DISPOSAL OF INTERESTS IN SUBSIDIARIES, AN ASSOCIATE AND A JOINT VENTURE

(a) 2016

On 17 May 2016, the Group deregistered Ace Decade Development Limited, a wholly-owned subsidiary in United Kingdom, which was inactive.

	2016
	HK$'000
Release of translation reserve upon deregistration of a subsidiary	10,409
Loss on deregistration	10,409

Upon deregistration of this subsidiary, the cumulative amount of the exchange differences relating to this foreign operation, recognised in other comprehensive income and accumulated in the translation reserve, has been reclassified from equity to profit or loss in accordance with the policy set out in note 3.6 and HKAS 21.

(b) 2015

As referred to in note 11, on 27 February 2015, the Company completed the disposal of the Vastwood Group which was engaged in the Property, Assembly and Brokerage Business.

As a result of the disposal, the Company effectively disposed of (i) 100% interest in the Vastwood Group, (ii) 49% interest in Brilliant Icon, (iii) an associate (i.e. 20% interest in Corporate Icon) and (iv) a joint venture (i.e. 10% interest in Cosmo Reach).

The consideration was settled by 760,000,000 shares of the Company and the fair value of sale proceed was HK$231,800,000, being the market price of 760,000,000 shares of the Company at the disposal date. The total consideration of HK$231.8 million and the total transaction costs of HK$3.7 million were allocated between the disposals of (i) 100% interest in the Vastwood Group, (ii) 49% interest in Brilliant Icon, (iii) 20% interest in Corporate Icon and (iv) 10% interest in Cosmo Reach, based on the respective net asset/liability values of the Vastwood Group, Brilliant Icon, Corporate Icon and Cosmo Reach disposed of as at 27 February 2015, after taking into consideration the amount of the sale loan as at 27 February 2015 and the fair values of the properties held by the respective companies as at 27 February 2015, as follows:

		2015	
		Consideration	**Transaction costs**
		HK$'000	*HK$'000*
(a)	The Vastwood Group (excluding Brilliant Icon, Corporate Icon and Cosmo Reach)	228,809	3,676
(b)	Brilliant Icon	1,212	19
(c)	Corporate Icon	827	13
(d)	Cosmo Reach	952	15
		231,800	3,723

(i) ***Disposal of 100% interest in the Vastwood Group (excluding Brilliant Icon, Corporate Icon and Cosmo Reach)***

The net assets of the Vastwood Group (excluding Brilliant Icon, Corporate Icon and Cosmo Reach) at the date of disposal were as follows:

	2015
	HK$'000
Net assets disposed of:	
Property, plant and equipment *(note 16)*	121,328
Properties held for trading	50,122
Goodwill	73,000
Trade receivables	46,546
Prepayments, deposits and other receivables	4,390
Cash and bank balances	23,115
Restricted bank deposits	116,883
Amount due from a fellow subsidiary	15,520
Amount due from associates	4,378
Amount due from a joint venture	4,266
Accrued expenses and other payables	(131,647)
Borrowings	(43,020)
Finance lease liabilities	(1,548)
Provision for income tax	(3,215)
	280,118
Transaction costs	3,676
Loss on disposal of subsidiaries included in loss for the year from discontinued operations in the consolidated income statement	(54,985)
Fair value of the consideration, as above	228,809

The analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2015
	HK$'000
Cash and bank balances disposed of	23,115
Net cash outflow on disposal	23,115

(ii) ***Disposal of 49% interest in Brilliant Icon***

Upon completion, the Group holds 51% interest in Brilliant Icon and is able to exercise control on Brilliant Icon. The difference of HK$1,380,000 between the proportionate share of the carrying amount of its net liabilities and the consideration received for the disposal had been credited to the Group's other reserve during the year ended 30 June 2015.

The transaction had been accounted for as equity transaction as follows:

	2015
	HK$'000
Consideration received for 49% ownership interest, as above	1,212
Net liabilities attributable to 49% ownership interest	187
	1,399
Transaction costs	(19)
Increase in equity attributable to owners of the Company (included in other reserve)	1,380

(iii) ***Disposal of 20% interest in Corporate Icon***

The transaction had been accounted for as disposal of an associate were:

	2015
	HK$'000
Consideration received for 20% ownership interest	827
Net assets attributable to 20% ownership interest	(517)
Transaction costs	(13)
Gain on disposal of an associate included in loss for the year from discontinued operations in the consolidated income statement	297

(iv) ***Disposal of 10% interest in Cosmo Reach***

The transaction had been accounted for as disposal of a joint venture were:

	2015
	HK$'000
Consideration received for 10% ownership interest	952
Net assets attributable to 10% ownership interest	(640)
Transaction costs	(15)
Gain on disposal of a joint venture included in loss for the year from discontinued operations in the consolidated income statement	297

In total, loss on disposal of subsidiaries, an associate and a joint venture of HK$54,391,000 was recognised in loss for the year from discontinued operations in the consolidated income statement for the year ended 30 June 2015.

31. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

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

32. SHARE-BASED PAYMENTS

The Company adopted a share option scheme (the "2011 Share Option Scheme") at the annual general meeting held on 1 November 2011 (the "2011 AGM").

The share option scheme adopted on 21 May 2002 by the Company (the "2002 Share Option Scheme") was terminated immediately after the conclusion of the 2011 AGM. However, the outstanding share options granted under the 2002 Share Option Scheme shall continue to be exercisable under the terms of issue.

The principal terms of the share option scheme are set out as follows:

2011 Share option scheme

The 2011 Share Option Scheme shall be valid and effective for a period of ten years commencing on 1 November 2011. The purpose of the 2011 Share Option Scheme is to enable the Company to grant options to the selected persons as incentives or rewards for their contribution to the Company and its subsidiaries.

Eligible participants of the 2011 Share Option Scheme include any employees, non-executive directors (including any independent non-executive directors) of the Company and any of its subsidiaries, advisers, consultants, suppliers or customers of the Company or any of its subsidiaries.

Total number of shares in respect of which options may be granted under the 2011 Share Option Scheme and any other share option schemes of the Company, is not exceeding 10% of the total number of shares in issue of the Company from 1 November 2011 onwards or at the renewal of such limit. Under the 2011 Share Option Scheme, the Company may obtain an approval from its shareholders to refresh the above mentioned 10% limit.

Notwithstanding anything hereinbefore contained and subject to the maximum entitlement of each participant hereinafter mentioned, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time. The maximum number of shares which may be issued upon exercise of all outstanding options granted and to be granted to each eligible participant in the 2011 Share Option Scheme and any other share option schemes of the Company within any 12-month period up to the date of grant, is limited to 1% of the shares of the Company in issue at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

An offer for the granting of share options shall be accepted in written within 21 days from the offer date and by way of payment of consideration of HK$1. The exercise period of the share options granted shall be determined by the board of directors and notified to the relevant grantee, but must not be more than ten years from the date of grant of the share options. The exercise price of the share options shall be a price determined by the board of directors at its absolute discretion and notified to a participant and shall be no less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the offer date; (ii) the average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the offer date; and (iii) the nominal value of the shares of the Company on the offer date.

The following shows the outstanding position of the share options granted under the share option schemes as at 30 June 2016:

Name or category of grantees	Number of share options: At 1 July 2015	Lapsed during the year	Granted during the year	At 30 June 2016	Date of grant of share options	Exercise Period (*note a*)	Exercise price (*HK$*) (*note b*)
Directors							
Pong Wilson Wai San (*note c*)	8,400,000	(8,400,000)	–	–	9 July 2010	Period 1	0.59
	11,000,000	–	–	11,000,000	26 October 2012	Period 2	0.395
	22,600,000	–	–	22,600,000	3 June 2014	Period 3	0.221
	–	–	26,400,000	26,400,000	17 May 2016	Period 4	0.189
Lee Wing Yin	1,000,000	–	–	1,000,000	26 October 2012	Period 2	0.395
	1,000,000	–	–	1,000,000	3 June 2014	Period 3	0.221
	–	–	27,180,000	27,180,000	17 May 2016	Period 4	0.189
Ngan Man Ho	1,000,000	–	–	1,000,000	26 October 2012	Period 2	0.395
	1,000,000	–	–	1,000,000	3 June 2014	Period 3	0.221
	–	–	3,180,000	3,180,000	17 May 2016	Period 4	0.189
Koo Fook Sun Louis	1,000,000	–	–	1,000,000	26 October 2012	Period 2	0.395
Lung Hung Cheuk	1,000,000	–	–	1,000,000	26 October 2012	Period 2	0.395
Yeung Wing Yan Wendy	1,000,000	–	–	1,000,000	26 October 2012	Period 2	0.395
Lai Hin Wing, Henry	1,000,000	–	–	1,000,000	26 October 2012	Period 2	0.395
	50,000,000	(8,400,000)	56,760,000	98,360,000			

The following shows the outstanding position of share options granted under the share option schemes as at 30 June 2015:

Name or category of grantees	At 1 July 2014	Forfeited during the year	Granted during the year	At 30 June 2015	Date of grant of share options	Exercise Period *(note a)*	Exercise price *(HK$)* *(note b)*
	Number of share options						
Directors							
Lee Wing Yin	1,000,000	–	–	1,000,000	26 October 2012	Period 2	0.395
	1,000,000	–	–	1,000,000	3 June 2014	Period 3	0.221
Ngan Man Ho	1,000,000	–	–	1,000,000	26 October 2012	Period 2	0.395
	1,000,000	–	–	1,000,000	3 June 2014	Period 3	0.221
Koo Fook Sun Louis	1,000,000	–	–	1,000,000	26 October 2012	Period 2	0.395
Lung Hung Cheuk	1,000,000	–	–	1,000,000	26 October 2012	Period 2	0.395
Yeung Wing Yan Wendy	1,000,000	–	–	1,000,000	26 October 2012	Period 2	0.395
Lai Hin Wing, Henry	1,000,000	–	–	1,000,000	26 October 2012	Period 2	0.395
	8,000,000	–	–	8,000,000			
Director of subsidiaries and the substantial shareholder							
Au Wing Wah	8,400,000	(8,400,000)	–	–	26 October 2012	Period 2	0.395
Consultant of the Company and the substantial shareholder							
Pong Wilson Wai San *(note c)*	8,400,000	–	–	8,400,000	9 July 2010	Period 1	0.59
	11,000,000	–	–	11,000,000	26 October 2012	Period 2	0.395
	22,600,000	–	–	22,600,000	3 June 2014	Period 3	0.221
	42,000,000	–	–	42,000,000			
	58,400,000	(8,400,000)	–	50,000,000			

Notes:

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

Period 1: 9 July 2010 to 8 July 2015

Period 2: 26 October 2012 to 25 October 2017

Period 3: 3 June 2014 to 2 June 2024

Period 4: 17 May 2016 to 16 May 2026

(b) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

(c) Mr. Pong Wilson Wai San was appointed as executive director on 17 May 2016.

(d) The weighted average exercise prices of share options are set out below:

	2016	**2015**
	HK$	*HK$*
At beginning of the year	0.342	0.350
Lapsed/Forfeited during the year	0.590	0.395
Granted during the year	0.189	–
At end of the year	0.233	0.342

(e) The weighted average remaining contractual life of the share options outstanding at 30 June 2016 was approximately 7.91 years (2015: 5.19 years).

The fair values of share options granted were determined using Black-Scholes Pricing Model that takes into account factors specific to the share incentive plans. The following principal assumptions were used in the valuation:

	Share options granted on 17 May 2016
Share price at date of grant	HK$0.189
Expected volatility*	64.145%
Risk-free interest rate	0.990%
Dividend yield	0%
Expected life of option	5 years
Fair value at date of grant	HK$0.102
Exercise price	HK$0.189

* The underlying expected volatility reflects the assumption that the historical volatility is indicative of future treads, which may also not necessarily be the actual outcome. No special features pertinent to the options granted were incorporated into measurement of fair value.

For the year ended 30 June 2016, the fair value of the options granted was HK$5,790,000 in aggregate, which was recognised as equity-settled share-based payments in the consolidated income statement. The corresponding amount has been credited to the share-based payment reserve.

For the year ended 30 June 2015, no share options were granted.

At 30 June 2016, the Company had 98,360,000 (2015: 50,000,000) share options outstanding under the share option schemes, which represented approximately 3.13% (2015: 1.84%) of the Company's shares in issue at that date. All these options were exercisable at 30 June 2016 and 2015.

33. OPERATING LEASE COMMITMENTS

As lessee

At 30 June 2016, the total future minimum lease payments under non-cancellable operating leases payable by the Group and the Company are as follows:

	2016	2015
	HK$'000	*HK$'000*
Within one year	560	2,515
In the second to fifth years	–	483
	560	2,998

The Group leases a number of properties under operating leases. The leases run for an initial period ranging from one to two years, with an option to renew the lease and renegotiated the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/lessors. As at 30 June 2016 and 2015, none of the leases include contingent rentals.

As lessor

At 30 June 2016, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	2016	2015
	HK$'000	*HK$'000*
Within one year	15,600	5,576
In the second to fifth years	25,570	7,202
Later than five years	14,604	–
	55,774	12,778

The Group leases its properties under operating lease arrangements which run for an initial period of two to fifteen years (2015: two 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.

34. COMMITMENTS ON INVESTMENTS IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016	2015
	HK$'000	*HK$'000*
Commitments for the acquisition of available-for-sale financial assets	2,517	3,626

This is the amount based on the contract in 2011 entered into by the Group in the previous years. The balance shall be made before 2017.

35. FINANCIAL GUARANTEE CONTRACTS

The Company has executed guarantee amounting to HK$210,000,000 (2015: HK$144,000,000) with respect to bank loans to its associates and the guarantee is secured against properties under development held by those associates. Under the guarantees, the Company would be liable to pay the bank if the bank is unable to recover the loans. At the reporting date, no provision for the Company's obligation under the guarantee contract has been made as the directors consider that it is not probable that the repayment of the loan will be in default.

36. MATERIAL RELATED PARTY TRANSACTIONS

36.1 The following transactions were carried out with the related parties:

	2016 *HK$'000*	**2015** *HK$'000*
Equipment acquired from a related company controlled by one of the substantial shareholders of the Company	–	81
Renovation service income received from a related company controlled by one of the substantial shareholders of the Company	2,417	338
Renovation service income received from a closely family member of one of the substantial shareholders of the Company	–	999
Rental expenses paid to a related company owned by a director of a subsidiary of the Company	–	521
Rental expenses paid to a related company owned by one of the substantial shareholders of the Company	1,680	3,660
	4,097	5,599

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

36.2 Key management personnel compensation

	2016 *HK$'000*	**2015** *HK$'000*
Short-term employee benefits	8,817	6,592

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

37.1 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. Besides short-term deposits which earn interest at fixed rates, cash at banks earn interest at floating rates up to 0.4% (2015: 0.4%) per annum, based on the daily bank deposits rates for the year. Other than deposits held in banks, the Group does not have significant interest-bearing financial assets. Any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to the Group.

As at 30 June 2016, the Group's exposure to interest rate risk on floating interest-bearing financial liabilities mainly came from secured bank loans. The interest rates and repayment terms of the Group's borrowings are disclosed in note 27. The Group currently does not have an interest rate hedging policy. However, the directors monitor interest rate change exposure and will consider hedging significant interest rate exchange exposure should the need arise.

If an increase or decrease of 5% in interest rate was estimated, with all other variables held constant, there would have no impact on loss for the year and retained profits (2015: Nil).

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

37.2 Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. During the year, exposures to currency exchange rates arose from the Group's bank deposits and available-for-sale financial assets (equivalent to HK$3,404,000 (2015: HK$134,210,000) and nil (2015: HK$30,399,000) respectively), which were primarily denominated in RMB and GBP. Other than this, almost all of the Group's transactions were carried out in HK$ and GBP which are the functional currencies of the Group's entities to which the transaction related.

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

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

As at 30 June 2016, if a depreciation of 5% in HK$ against RMB and GBP was estimated, with all other variables held constant, profit for the year and retained profits would have increased by HK$170,000 (2015: HK$8,230,000) for the year ended 30 June 2016. An appreciation of the same percentage in HK$ against RMB and GBP would have had the equal but opposite effect on the profit for the year and retained profits to the amount shown above, on the basis that all other variables remain constant.

The appreciation and depreciation of 5% in HK$ exchange rate against RMB and GBP represented management's assessment of a reasonably possible change in currency exchange rate over the period until the next annual reporting date.

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

37.3 Price risk

Price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to change in market prices of listed equity securities, listed debts investments and unlisted investment funds in respect of its investments classified as available-for-sale financial assets and financial assets at fair value through profit or loss.

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

For listed equity securities, listed debts investments and unlisted investment funds in the available-for-sale financial assets category, if the quoted price for these securities increased or decreased by 5%, there would have no impact on profit for the year and retained profits (2015: no impact) and other components of equity would have increased or decreased by HK$1,585,000 (2015: HK$2,302,000).

For unlisted investment funds classified as financial assets at fair value through profit or loss category, if the market price had increased or decreased by 5%, profit for the year and retained profits would have increased or decreased by HK$1,120,000 (2015: HK$69,000).

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

37.4 Credit risk

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

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

Available-for-sale financial assets and financial assets at fair value through profit or loss represented the listed equity securities, listed debts investments and unlisted investment funds held by the well-established banks or financial institutes and are not used for hedging purpose. These are mainly entered with banks or financial institutes with sound credit rating and management does not expect any investment counterparty to fail to meet its obligations. In this regard, the Group does not expect to incur material credit losses on managing these financial assets.

The Group is also exposed to the credit risk of the contingent liabilities in relation to the financial guarantee contracts granted to its associates as detailed in note 35 to the financial statements.

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

37.5 Liquidity risk

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

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

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

		Contractual undiscounted cash flow			
	Carrying amounts	**Total**	**Within 1 year or on demand**	**In 2 to 5 years**	**Over 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
30 June 2016					
Other payables	7,328	7,328	7,328	–	–
Borrowings	29,148	33,672	3,768	14,173	15,731
Amounts due to non-controlling shareholders	234,813	234,813	234,813	–	–
	271,289	275,813	245,909	14,173	15,731
Financial guarantee issued:					
Maximum amount guaranteed	–	210,000	210,000	–	–

	Carrying amounts	Total	Within 1 year or on demand	In 2 to 5 years	Over 5 years
		Contractual undiscounted cash flow			
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
30 June 2015					
Other payables	3,410	3,410	3,410	–	–
Amounts due to non-controlling shareholders	234,122	234,122	234,122	–	–
	237,532	237,532	237,532	–	–
Financial guarantee issued: Maximum amount guaranteed	–	144,000	144,000	–	–

37.6 Categories of financial assets and financial liabilities

	2016	2015
	HK$'000	*HK$'000*
Loans and receivables:		
Trade receivables	3,384	1,011
Other receivables	1,392	5,175
Amounts due from associates	86,914	125,613
Amounts due from a joint venture	20	20
Cash and bank balances	410,936	589,283
Available-for-sale financial assets:	50,964	57,188
Financial assets at fair value through profit or loss:	26,824	1,626
	580,434	779,916

	2016	2015
	HK$'000	*HK$'000*
Financial liabilities measured at amortised cost:		
Other payables	7,328	3,410
Borrowings	29,148	–
Amounts due to non-controlling shareholders	234,813	234,122
	271,289	237,532

37.7 Fair value

The fair values of the Group's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments.

37.8 Fair value measurements recognised in the statement of financial position

The following table presents financial assets measured at fair value in the 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.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

		Level 1	Level 2	Level 3	Total
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
30 June 2016					
Assets:					
Available-for-sale financial assets					
– Listed equity securities	*(a)*	11,789	–	–	11,789
– Unlisted investment funds	*(c)*	–	19,909	–	19,909
Financial assets at fair value through profit or loss					
– Unlisted investment funds	*(c)*	–	26,824	–	26,824
Total and net fair values		11,789	46,733	–	58,522

	Notes	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
30 June 2015					
Assets:					
Available-for-sale financial assets					
– Listed equity securities	*(a)*	15,635	–	–	15,635
– Listed debts investments	*(b)*	30,399	–	–	30,399
Financial assets at fair value through profit or loss					
– Unlisted investment funds	*(c)*	1,626	–	–	1,626
Total and net fair values		47,660	–	–	47,660

There have been no significant transfers between Levels 1 and 2 in the reporting period.

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

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

(b) Listed debts investments

The listed debts investments are denominated in RMB. Fair values have been determined by reference to their quoted bid prices at the reporting date.

(c) Unlisted investments funds

The unlisted investment funds are denominated in US$. Fair values of unlisted investment funds included in Level 1 have been determined by reference to their quotations in active markets at the reporting date and have been translated using the spot foreign currency rate at the end of the reporting period where appropriate. 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 quoted market prices.

38. CAPITAL RISK MANAGEMENT

The Group's capital management objectives are:

(a) to ensure the Group's ability to continue as a going concern;

(b) to provide an adequate return to shareholders;

(c) to support the Group's sustainable growth; and

(d) to provide capital for the purpose of potential mergers and acquisitions.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (represented by total liabilities less current and deferred tax liabilities as shown in the statement of financial position) less cash and bank balances. Total capital is calculated as equity, as shown in the statement of financial position, plus net debts. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

	2016	**2015**
	HK$'000	*HK$'000*
Total borrowings	271,603	238,566
Less: cash and bank balances	(410,936)	(589,283)
Net cash	(139,333)	(350,717)
Total capital	1,267,883	1,241,351
Gearing ratio	N/A	N/A

39. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	2016	2015
	HK$'000	*HK$'000*
ASSETS AND LIABILITIES		
Non-current assets		
Interests in subsidiaries	–	–
Property, plant and equipment	25	411
Available-for-sale financial assets	17,603	57,188
	17,628	57,599
Current assets		
Prepayments, deposits and other receivables	804	4,332
Amounts due from subsidiaries	956,054	551,561
Financial assets at fair value through profit or loss	26,824	1,626
Cash and bank balances	246,616	464,583
	1,230,298	1,022,102
Current liabilities		
Accrued expenses and other payables	1,120	372
	1,120	372
Net current assets	1,229,178	1,021,730
Total assets less current liabilities	1,246,806	1,079,329
Net assets	1,246,806	1,079,329
EQUITY		
Share capital	31,385	27,185
Reserves	1,215,421	1,052,144
Total equity	1,246,806	1,079,329

Movements of the reserves of the Company are as follows:

	Share premium account HK$'000	Share-based payment reserve HK$'000	Revaluation reserve HK$'000	Retained profits/ (Accumulated losses) HK$'000	Total HK$'000
At 1 July 2014	1,274,759	9,241	8,490	31,481	1,323,971
Repurchase and cancellation of shares	(224,200)	–	–	–	(224,200)
Lapse of share options	–	(1,159)	–	1,159	–
Transactions with owners	(224,200)	(1,159)	–	1,159	(224,200)
Loss for the year	–	–	–	(40,371)	(40,371)
Other comprehensive income:					
Net fair value gain on available-for-sale financial assets	–	–	4,111	–	4,111
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	–	–	(11,367)	–	(11,367)
Total comprehensive income for the year	–	–	(7,256)	(40,371)	(47,627)
At 30 June 2015 and 1 July 2015	1,050,559	8,082	1,234	(7,731)	1,052,144
Shares issued upon placing *(note 28)*	58,800	–	–	–	58,800
Share issue expense	(715)	–	–	–	(715)
Equity-settled share-based payments *(note 32)*	–	5,790	–	–	5,790
Lapse of share options	–	(2,798)	–	2,798	–
Transactions with owners	58,085	2,992	–	2,798	63,875
Profit for the year	–	–	–	101,133	101,133
Other comprehensive income:					
Net fair value loss on available-for-sale financial assets	–	–	(5,869)	–	(5,869)
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	–	–	1,055	–	1,055
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	–	–	3,083	–	3,083
Total comprehensive income for the year	–	–	(1,731)	101,133	99,402
At 30 June 2016	1,108,644	11,074	(497)	96,200	1,215,421

Share premium account arises from the shares issued at a premium. Under the Companies Law of the Cayman Islands, share premium is available for distributions or paying dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the dividend distribution, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles of Association of the Company, with the sanction of an ordinary resolution, dividends can be declared and paid out of share premium.

40. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 30 June 2016 were approved and authorised for issue by the board of directors on 30 September 2016.

3. UNAUDITED FINANCIAL INFORMATION

The following is the unaudited financial statements of the Group extracted from the interim report of the Company for the six months ended 31 December 2016:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Notes	**At 31 December 2016** *HK$'000* (Unaudited)	**At 30 June 2016** *HK$'000* (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		951	1,157
Investment properties		413,200	408,852
Interests in associates		–	–
Interests in joint ventures		–	–
Available-for-sale financial assets	*9*	45,502	44,982
Deposits for investment properties		3,023	–
		462,676	454,991
Current assets			
Amounts due from associates		82,414	86,914
Amounts due from a joint venture		11	20
Available-for-sale financial assets	*9*	–	5,982
Properties held for trading		99,199	105,157
Properties under development		444,884	444,775
Trade receivables	*10*	3,530	3,384
Prepayments, deposits and other receivables		5,316	1,758
Financial assets at fair value through profit or loss		26,824	26,824
Cash and bank balances		418,881	410,936
		1,081,059	1,085,750
Current liabilities			
Accrued expenses and other payables		6,629	7,642
Borrowings		2,679	2,915
Amounts due to non-controlling shareholders		235,053	234,813
Provision for income tax		1,761	516
		246,122	245,886
Net current assets		834,937	839,864
Total assets less current liabilities		1,297,613	1,294,855

	Notes	At 31 December 2016 HK$'000 (Unaudited)	At 30 June 2016 HK$'000 (Audited)
Non-current liabilities			
Borrowings		22,774	26,233
Deferred tax liabilities		739	739
		23,513	26,972
Net assets		1,274,100	1,267,883
EQUITY			
Share capital	*11*	31,385	31,385
Reserves		1,243,962	1,237,644
Equity attributable to owners of the Company		1,275,347	1,269,029
Non-controlling interests		(1,247)	(1,146)
Total equity		1,274,100	1,267,883

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2016

	Six months ended 31 December 2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	960	(78,704)
Net cash generated from/(used in) investing activities	10,410	(61,449)
Net cash used in financing activities	(3,453)	–
Net increase/(decrease) in cash and cash equivalents	7,917	(140,153)
Cash and cash equivalents at beginning of period	410,936	467,220
Effect of foreign exchange rate change	28	(7,262)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	418,881	319,805
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	32,992	19,810
Short-term deposits	385,889	299,995
	418,881	319,805

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2016

	Equity attributable to owners of the Company									
	Share capital	Share premium account	Translation reserve	Share-based payment reserve	Revaluation reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000 (Unaudited)	*HK$'000* (Unaudited)	*HK$'000* (Unaudited)	*HK$'000* (Unaudited)	*HK$'000* (Unaudited)	*HK$'000* (Unaudited)	*HK$'000* (Unaudited)	*HK$'000* (Unaudited)	*HK$'000* (Unaudited)	*HK$'000* (Unaudited)
At 1 July 2015	27,185	1,050,559	(4,064)	8,082	1,234	4,377	154,535	1,241,908	(557)	1,241,351
Profit/(loss) for the period	–	–	–	–	–	–	(882)	(882)	151	(731)
Other comprehensive income:										
Net fair value loss on available-for-sale financial assets	–	–	–	–	(5,125)	–	–	(5,125)	–	(5,125)
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	–	–	–	–	303	–	–	303	–	303
Exchange differences arising on translation of foreign operations	–	–	(7,262)	–	–	–	–	(7,262)	–	(7,262)
Total comprehensive income for the period	–	–	(7,262)	–	(4,822)	–	(882)	(12,966)	151	(12,815)
At 31 December 2015	27,185	1,050,559	(11,326)	8,082	(3,588)	4,377	153,653	1,228,942	(406)	1,228,536

	Equity attributable to owners of the Company									
	Share capital	Share premium account	Translation reserve	Share-based payment reserve	Revaluation reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000 (Unaudited)	*HK$'000* (Unaudited)	*HK$'000* (Unaudited)	*HK$'000* (Unaudited)	*HK$'000* (Unaudited)	*HK$'000* (Unaudited)	*HK$'000* (Unaudited)	*HK$'000* (Unaudited)	*HK$'000* (Unaudited)	*HK$'000* (Unaudited)
At 1 July 2016	31,385	1,108,644	(224)	11,074	(2,301)	4,377	116,074	1,269,029	(1,146)	1,267,883
Profit/(loss) for the period	–	–	–	–	–	–	1,164	1,164	(101)	1,063
Other comprehensive income:										
Net fair value gain on available-for-sale financial assets	–	–	–	–	5,991	–	–	5,991	–	5,991
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	–	–	–	–	(865)	–	–	(865)	–	(865)
Exchange differences arising on translation of foreign operations	–	–	28	–	–	–	–	28	–	28
Total comprehensive income for the period	–	–	28	–	5,126	–	1,164	6,318	(101)	6,217
At 31 December 2016	31,385	1,108,644	(196)	11,074	2,825	4,377	117,238	1,275,347	(1,247)	1,274,100

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, P.O. 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 property investment and trading, property development and provision of renovation services. 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 24 February 2017.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES
BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2016 (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").

These 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 annual financial statements of the Group for the year ended 30 June 2016 (the "2016 Annual Financial Statements"), which have been prepared in accordance with Hong Kong Financial Reporting Standards.

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 2016 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, available-for-sale financial assets 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.

Principal accounting policies

The accounting policies used in the preparation of these Condensed Financial Report are consistent with those set out in the 2016 Annual Financial Statements.

The Group has not applied any new or revised standards, amendments and interpretations (new and amended HKFRSs) issued by the HKICPA that are not yet effective for the current accounting period.

The directors of the Company are in the process of making an assessment of the potential impact of new and amended HKFRSs but are not yet in a position to state whether they could have material financial impact on the Group's results and financial position.

3. 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
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 are the same as those used in its financial statements prepared under HKFRSs, except that reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets and disposals of available-for-sale financial assets, 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.

Segment assets include all assets but 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 2015: Nil).

	Six months ended 31 December 2016 (Unaudited)			
	Property Development Business	**Property Investment and Trading Business**	**Renovation Business**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment revenue:				
From external customers	–	5,516	976	6,492
Reportable segment profit/(loss)	(161)	11,115	85	11,039
Reportable segment assets	308,497	519,649	930	829,076

	Six months ended 31 December 2015 (Unaudited)			
	Property Development Business	Property Investment and Trading Business	Renovation Business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment revenue:				
From external customers	–	3,971	2,422	6,393
Reportable segment profit/(loss)	(288)	3,523	277	3,512
Reportable segment assets	226,445	557,451	1,205	785,101

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	
	2016	**2015**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue	6,492	6,393
Consolidated revenue	6,492	6,393
Profit before income tax		
Reportable segment profit	11,039	3,512
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	865	(303)
Interest income	1,831	1,926
Dividend income	453	1,415
Exchange losses, net	(4,335)	(2,569)
Corporate salaries and allowances	(4,636)	(1,629)
Depreciation on corporate property, plant and equipment	(6)	(356)
Corporate rent and rates	(945)	(2,018)
Unallocated corporate expenses	(1,902)	(658)
Consolidated profit/(loss) before income tax	2,364	(680)

The Group's revenue from external customers are all derived from Hong Kong.

The following table provides an analysis of the Group's non-current assets other than financial instruments and deferred tax assets ("Specified non-current assets").

	Specified non-current assets	
	31 December 2016	30 June 2016
	HK$'000	*HK$'000*
Hong Kong	414,151	410,009
Japan	3,023	–
	417,174	410,009

4. REVENUE AND OTHER INCOME

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

	Six months ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Rental income from investment properties	5,516	3,971
Renovation service income	976	2,422
	6,492	6,393
Other income		
Interest income	1,835	1,926
Dividend income	453	1,415
Rental income from properties held for trading and properties under development	2,895	–
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	865	–
Sundry income	–	650
	6,048	3,991

5. LOSS BEFORE INCOME TAX

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

	Six months ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation	206	552
Directors' remuneration	4,034	1,055
Exchange losses, net	4,335	2,569

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 31 December 2015: 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.

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2016 (six months ended 31 December 2015: Nil).

8. PROFIT/(LOSS) PER SHARE

The calculation of basic and diluted profit/(loss) per share are based on the following data:

	Six months ended 31 December	
	2016	**2015**
	(Unaudited)	(Unaudited)
Profit/(Loss) for the period, attributable to owners of the Company *(HK$'000)*	1,164	(882)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share *('000)*	3,138,500	2,718,500

There were no diluted potential ordinary shares for the six months ended 31 December 2016 and 2015 as the outstanding share options were out of the money for the purpose of the diluted earnings per share calculation.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2016	**30 June 2016**
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Non-current		
Listed equity securities – Hong Kong	11,940	11,789
Unlisted investment funds	33,562	33,193
	45,502	44,982
Current		
Unlisted investment funds	–	5,982
	45,502	50,964

	31 December 2016	30 June 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Net carrying amount at beginning of the year	50,964	57,188
Additions	319	28,689
Disposals	(11,772)	(28,713)
Change in fair value (debited)/credited to revaluation reserve in equity	5,991	(6,200)
Net carrying amount at end of the period/year	45,502	50,964

Listed equity securities and unlisted investment funds with carrying amounts of HK$11,940,000 (30 June 2016: HK$11,789,000) and HK$21,367,000 (30 June 2016: HK$19,909,000) respectively are stated at fair value. The fair values have been determined directly by reference to published price and quotations in active markets.

Unlisted investment funds with a carrying amount of HK$12,195,000 (30 June 2016: HK$19,266,000) are measured at cost less impairment losses as the variability in the range of reasonable fair value estimates is significant and the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value. The directors of the Company are of the opinion that the fair value cannot be measured reliably.

As at 30 June 2016, available-for-sale financial assets were individually determined to be impaired on the basis of a material decline in their fair value below cost which indicated that the investment costs may not be recovered. For the six months ended 31 December 2016, no impairment on these investments was recognised in profit or loss (2015: Nil).

10. 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 2016 and 30 June 2016 were aged within 90 days.

11. SHARE CAPITAL

	Number of shares	*HK$'000*
		(Unaudited)
Authorised		
Ordinary shares of HK$0.01 each	10,000,000,000	100,000
Issued and fully paid		
Ordinary shares of HK$0.01 each		
At 1 July 2016 and 31 December 2016	3,138,500,000	31,385

12. MATERIAL RELATED PARTY TRANSACTIONS

The Group had the following material transactions with its related parties during the period:

	Six months ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Renovation service income received from a related company controlled by one of the substantial shareholders of the Company	–	2,406
Rental expenses paid to a related company owned by a substantial shareholder and director of the Company	840	840
Professional fees paid to a related company in which one director of the Company is a partner	–	150
	840	3,396

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

Key management personnel compensation

	Six months ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Short-term employee benefits	4,034	1,055

13. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table presents financial assets measured at fair value in the 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.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	Notes	Level 1 *HK$'000* (Unaudited)	Level 2 *HK$'000* (Unaudited)	Level 3 *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
31 December 2016					
Assets:					
Available-for-sale financial assets					
– Listed equity securities	*(a)*	11,940	–	–	11,940
– Unlisted investment funds	*(b)*	–	21,367	–	21,367
Financial assets at fair value through profit or loss					
– Unlisted investment funds	*(b)*	–	26,824	–	26,824
Total and net fair values		11,940	48,191	–	60,131

	Notes	Level 1 *HK$'000* (Audited)	Level 2 *HK$'000* (Audited)	Level 3 *HK$'000* (Audited)	Total *HK$'000* (Audited)
30 June 2016					
Assets:					
Available-for-sale financial assets					
– Listed equity securities	*(a)*	11,789	–	–	11,789
– Unlisted investments funds	*(b)*	–	19,909	–	19,909
Financial assets at fair value through profit or loss					
– Unlisted investment funds	*(b)*	–	26,824	–	26,824
Total and net fair values		11,789	46,733	–	58,522

There have been no significant transfers between levels 1 and 2 in the reporting period.

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

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

(b) Unlisted Investments Funds

The unlisted investment funds are denominated in US$. 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 quoted market prices.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the expected completion of the Acquisition and the financial resources available to the Enlarged Group (including but not limited to internally generated funds, cash and cash equivalents), the Enlarged Group has sufficient working capital for its present requirement, that is for at least the next 12 months from the date of this circular.

5. INDEBTEDNESS

Indebtedness

As at 28 February 2017, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Enlarged Group has outstanding indebtedness as summarised below:

Borrowings

The Enlarged Group had total outstanding borrowings of approximately HK$316 million, further details of which are set out below:

(a) The Group had outstanding interest-bearing bank borrowings of HK$25 million repayable by instalments up to April 2026. The aforesaid bank borrowings are secured by guarantees by the Company and the pledge of certain Company's properties held for trading;

(b) The Group had amount due to non-controlling shareholders of HK$235 million which are unsecured, interest-free and repayable on demand; and

(c) The Target Company had outstanding interest-bearing bank borrowings of HK$56 million repayable by instalments up to November 2029. The aforesaid bank borrowings are secured by guarantee from one of the directors of the Target Company and the pledge of the Target Company's investment properties.

Contingent liabilities

As at 28 February 2017, the Company has executed guarantees amounting to HK$210 million in respect of bank loans to its associates, which are also secured against properties under development held by those associates. Under the guarantees, the Company would be liable to pay the bank if the bank is unable to recover the loans.

Save as aforesaid and apart from intra-group liabilities, the Enlarged Group did not have any outstanding mortgages, charges, debentures, loan capital, debt securities, loans, bank overdraft or other similar indebtedness, financial leases or hire purchase commitments, liabilities under acceptances or acceptance credits or guarantees or other material contingent liabilities as at 28 February 2017.

Disclaimers

Saved as aforesaid, and apart from intra-group liabilities, and normal accounts payable, the Enlarged Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, any authorized or otherwise created but unissued term loans or other borrowings, indebtedness in nature of borrowings, liabilities under acceptances (other than trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, which are either guaranteed, unguaranteed, secured, or unsecured, guarantees or other material contingent liabilities outstanding at the close of business on 28 February 2017.

The Directors confirm that there is no material change in the indebtedness and contingent liability of the Enlarged Group from the close of business on 28 February 2017 to the Latest Practicable Date.

6. MATERIAL CHANGE

The Directors confirm that save as and except for the below, there was no material change in the financial or trading position or outlook of the Group since 30 June 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to the Latest Practicable Date:

(i) On 18 April 2017, Monilea Limited (a wholly-owned subsidiary of the Company) (being the purchaser) and Winkit Development Limited (an independent third party to the Company) (being the vendor) entered into a provisional sale and purchase agreement for the sale and purchase of 15/F, Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong at a cash consideration of HK$108,000,000. Details of which are set out in the announcement of the Company dated 18 April 2017;

(ii) On 1 April 2017, Joy Shing Development Limited (a wholly-owned subsidiary of the Company) and Apex Step Holdings Limited (an independent third party to the Company) (collectively being the vendors), Multi Fun Limited (being the purchaser) and the sole shareholder and the directors of the Purchaser (being Multi Fun Limited's guarantors) entered into a provisional sale and purchase agreement, pursuant to which each of Joy Shing Development Limited and Apex Step Holdings Limited has agreed to sell 30% and 70% of the issued share capital of Apex Plan Limited to Multi Fun Limited at an aggregate cash consideration of HK$1,300,000,000. The parties have agreed to enter into a formal sale and purchase agreement on or before 26 May 2017, details of which are set out in the announcement of the Company dated 3 April 2017;

(iii) On 23 March 2017, Sonic Returns Limited (a wholly-owned subsidiary of the Company) (being the purchaser) and Mr. Cheung Siu Wing (an independent third party to the Company) (being the vendor) has entered into a provisional sale and purchase agreement in relation to the sale and purchase of Office 1 on 29th Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong at the cash consideration of HK$23,176,800. Details of which are set out in the announcement of the Company dated 23 March 2017. Sonic Returns Limited and Mr. Cheung Siu Wing have entered into a formal sale and purchase agreement on 6 April 2017;

(iv) On 23 March 2017, Enviro Global Limited (a wholly-owned subsidiary of the Company) (being the purchaser) and Best Tact Development Limited (an independent third party to the Company) (being the vendor) has entered into a provisional sale and purchase agreement in relation to the sale and purchase of Office 2 on 29th Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong at the cash consideration of HK$13,127,600. Details of which are set out in the announcement of the Company dated 23 March 2017. Enviro Global Limited and Best Tact Development Limited have entered into a formal sale and purchase agreement on 6 April 2017;

(v) On 23 March 2017, Double Achiever Limited (a wholly-owned subsidiary of the Company) (being the purchaser) and Mr. Cheung Siu Wing (an independent third party to the Company) (being the vendor) has entered into a provisional sale and purchase agreement in relation to the sale and purchase of Carpark 6 on 2nd Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong at the cash consideration of HK$3,800,000. Details of which are set out in the announcement of the Company dated 23 March 2017. Double Achiever Limited and Mr. Cheung Siu Wing have entered into a formal sale and purchase agreement on 6 April 2017;

(vi) On 15 March 2017, Celestial Tower Limited (a wholly-owned subsidiary of the Company) (being the purchaser) and Lerado H.K. Limited (an independent third party to the Company) (being the vendor) has entered into a provisional sale and purchase agreement in relation to the sale and purchase of Office 1 on 30th Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong at the cash consideration of HK$23,176,800, details of which are set out in the announcement of the Company dated 15 March 2017. Celestial Tower Limited and Lerado H.K. Limited have entered into a formal sale and purchase agreement on 30 March 2017;

(vii) On 15 March 2017, Just Central Limited (a wholly-owned subsidiary of the Company) (being the purchaser) and Lerado H.K. Limited (an independent third party to the Company) (being the vendor) has entered into a provisional sale and purchase agreement in relation to the sale and purchase of Office 2 on 30th Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong at the cash consideration of HK$13,127,600, details of which are set out in the announcement of the Company dated 15 March 2017. Just Central Limited and Lerado H.K. Limited have entered into a formal sale and purchase agreement on 30 March 2017;

(viii) On 15 March 2017, Coastal Talent Limited (a wholly-owned subsidiary of the Company) (being the purchaser) and Lerado H.K. Limited (an independent third party to the Company) (being the vendor) has entered into a provisional sale and purchase agreement in relation to the sale and purchase of Office 3 on 30th Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong at the cash consideration of HK$24,716,000, details of which are set out in the announcement of the Company dated 15 March 2017. Coastal Talent Limited and Lerado H.K. Limited have entered into a formal sale and purchase agreement on 30 March 2017;

(ix) the Acquisition; and

(x) On 24 February 2017, the Company announced the interim results for the six months ended 31 December 2016 which has reported a profit before income tax of approximately HK$2,364,000 mainly attributable to fair value gain on investment properties for the period under view.

The following is the text of a report prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong. Terms defined herein apply to this report only.

BDO

28 April 2017

The Directors
Winfull Group Holdings Limited
Unit A, 6/F
9 Queen's Road Central
Hong Kong

Dear Sirs

We set out below our report on the financial information of Flexwood Limited (the "Target Company") which comprises the statements of financial position as at 31 March 2014, 2015 and 2016 and 31 December 2016, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years ended 31 March 2014, 2015 and 2016 and the nine months ended 31 December 2016 (the "Relevant Periods"), together with a summary of significant accounting policies and other explanatory notes (the "Financial Information") for inclusion in the circular (the "Circular") dated 28 April 2017 issued by Winfull Group Holdings Limited (the "Company") in connection with the proposed acquisition of entire equity interest of the Target Company.

The Target Company was incorporated in the British Virgin Islands (the "BVI") on 30 January 2009 as a limited liability company. The principal activity of the Target Company is the provision of property investment in Hong Kong.

The Target Company has adopted 31 March as its financial year end date. The statutory financial statements of the Target Company for the years ended 31 March 2014, 2015 and 2016 have been prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and were audited by Lee Wing Yin Certified Public Accountant for the years ended 31 March 2014 and 2015 and 2016.

For the purpose of this report, the directors of the Target Company have prepared the financial statements of the Target Company for the Relevant Periods (the "Underlying Financial Statements") in accordance with the basis of preparation set out in note 2 of section II and the accounting policies set out in note 4 of section II which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA. The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements, no adjustment made thereon.

DIRECTORS RESPONSIBILITY

The directors of the Company are responsible for the preparation of the Financial Information in accordance with the basis of preparation set out in note 2 of section II and the accounting policies set out in note 4 of section II, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an independent opinion on the Financial Information based on our procedures and to report our opinion to you.

For the purpose of this report, we have carried out audit procedures in respect of the Underlying Financial Information in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have examined the Financial Information and carried out appropriate procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, the Financial Information, for the purpose of this report, prepared on the basis set out in note 2 of section II below, gives a true and fair view of the financial position of the Target Company as at 31 March 2014, 2015 and 2016 and 31 December 2016 and of the financial performance and cash flows of the Target Company for the Relevant Periods.

UNAUDITED COMPARATIVE FINANCIAL INFORMATION

The comparative statement of comprehensive income, comparative statement of change in equity and comparative statement of cash flows of the Target Company for the nine months ended 31 December 2015 together with the notes thereon (the "Comparative Financial Information") have been extracted from the Target Company's unaudited financial information for the same period, which was prepared by the directors of the Target Company and solely for the purpose of this report. The directors of the Company are responsible for the preparation of the Comparative Financial Information in accordance with the same basis adopted in respect of the Financial Information. We have reviewed the Comparative Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our responsibility is to express a conclusion on the Comparative Financial Information based on our review. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures to the Comparative Financial Information. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Comparative Financial Information.

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Comparative Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

Statements of Comprehensive Income

		Year ended 31 March			Nine months ended 31 December	
	Notes	**2014**	**2015**	**2016**	**2015**	**2016**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
Revenue	*7*	10,657	10,679	10,847	7,953	8,276
Other income	*8*	32	130	85	49	–
Administrative and other expenses		(2,432)	(2,258)	(3,616)	(2,823)	(1,281)
Finance costs	*9*	(781)	(745)	(716)	(538)	(512)
Fair value gains on investment properties	*14*	3,000	16,000	17,000	2,000	46,000
Profit before income tax	*10*	10,476	23,806	23,600	6,641	52,483
Income tax expense	*11*	(1,228)	(1,238)	(1,066)	(766)	(1,070)
Profit and total comprehensive income for the year/period		9,248	22,568	22,534	5,875	51,413

Statements of Financial Position

	Notes	As at 31 March 2014 HK$'000	As at 31 March 2015 HK$'000	As at 31 March 2016 HK$'000	As at 31 December 2016 HK$'000
ASSETS AND LIABILITIES					
Non-current assets					
Investment properties	*14*	408,000	424,000	441,000	487,000
Current assets					
Trade receivables	*15*	–	–	346	–
Deposits and other receivables		180	179	182	179
Cash and bank balances	*16*	1,705	4,712	6,281	10,508
Tax prepaid		122	–	2	–
		2,007	4,891	6,811	10,687
Current liabilities					
Accrued expenses and other payables	*17*	3,357	3,242	3,295	3,970
Amounts due to a director	*21(b)*	29,812	29,797	29,800	29,796
Bank borrowings	*18*	68,163	64,161	60,122	57,066
Provision for income tax		–	40	–	542
		101,332	97,240	93,217	91,374
Net current liabilities		(99,325)	(92,349)	(86,406)	(80,687)
Total assets less current liabilities		308,675	331,651	354,594	406,313
Non-current liabilities					
Deferred tax liabilities	*19*	1,776	2,184	2,593	2,899
Net assets		306,899	329,467	352,001	403,414
EQUITY					
Share capital	*20*	–	–	–	–
Retained earnings		306,899	329,467	352,001	403,414
Total equity		306,899	329,467	352,001	403,414

Statements of Changes in Equity

	Share capital *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
At 1 April 2013	–	297,651	297,651
Profit and total comprehensive income for the year	–	9,248	9,248
At 31 March 2014 and 1 April 2014	–	306,899	306,899
Profit and total comprehensive income for the year	–	22,568	22,568
At 31 March 2015 and 1 April 2015	–	329,467	329,467
Profit and total comprehensive income for the year	–	22,534	22,534
At 31 March 2016 and 1 April 2016	–	352,001	352,001
Profit and total comprehensive income for the period	–	51,413	51,413
At 31 December 2016	–	403,414	403,414
Nine months ended 31 December 2015 (unaudited)			
At 1 April 2015	–	329,467	329,467
Profit and total comprehensive income for the period	–	5,875	5,875
At 31 December 2015 (unaudited)	–	335,342	335,342

Statements of Cash Flows

	Notes	Year ended 31 March			Nine months ended 31 December	
		2014	2015	2016	2015	2016
		HK$'000	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Cash flows from operating activities						
Profit before income tax		10,476	23,806	23,600	6,641	52,483
Adjustments for:						
Interest income	8	(32)	–	(18)	–	–
Fair value gains on investment properties	14	(3,000)	(16,000)	(17,000)	(2,000)	(46,000)
Interest expense	9	781	745	716	538	512
Operating profit before working capital changes		8,225	8,551	7,298	5,179	6,995
Decrease/(Increase) in trade receivables		361	–	(346)	–	346
(Increase)/Decrease in deposits and other receivables		(2)	1	(3)	1	3
Increase/(Decrease) in accrued expenses and other payables		141	(115)	53	1,966	675
Cash generated from operations		8,725	8,437	7,002	7,146	8,019
Tax paid		(1,282)	(668)	(699)	–	(220)
Net cash generating from operating activities		7,443	7,769	6,303	7,146	7,799
Cash flows from investing activities						
Interest received		32	–	18	–	–
Net cash generated from investing activities		32	–	18	–	–

	Notes	Year ended 31 March			Nine months ended 31 December	
		2014	2015	2016	2015	2016
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
Cash flows from financing activities						
Repayments to bank borrowings		(3,962)	(4,002)	(4,039)	(3,026)	(3,056)
(Repayments to)/Advances from a director		(10,997)	(15)	3	–	(4)
Interest paid		(781)	(745)	(716)	(538)	(512)
Net cash used in financing activities		(15,740)	(4,762)	(4,752)	(3,564)	(3,572)
Net (decrease)/increase in cash and cash equivalents		(8,265)	3,007	1,569	3,582	4,227
Cash and cash equivalents at beginning of year/period		9,970	1,705	4,712	4,712	6,281
Cash and cash equivalents at end of year/period		1,705	4,712	6,281	8,294	10,508
Analysis of balances of cash and cash equivalents						
Cash and bank balances		1,705	4,712	6,281	3,294	2,008
Short term bank deposits		–	–	–	5,000	8,500
Cash and cash equivalents at end of year/period	*16*	1,705	4,712	6,281	8,294	10,508

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

The Target Company was incorporated in the BVI on 30 January 2009 with limited liability. Its registered office is located at Unit A, 6/F., 9 Queen's Road Central, Hong Kong. The principal activity of the Target Company is the provision of property investment in Hong Kong.

2. BASIS OF PREPARATION

(a) Statement of compliance

The Financial Information and the Comparative Financial Information on page II-3 to II-27 has been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations. In addition, the Financial Information includes the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosures required by the Listing Rules.

The HKICPA has issued a number of new and revised HKFRS. For the purpose of preparing this Financial Information, the Target Company has consistently adopted all applicable new and revised HKFRS which are effective for the accounting period beginning on 1 April 2016 throughout the Relevant Periods, except for any new standards or interpretations that are issued but not yet effective as mentioned in note 3.

(b) Basis of measurement and going concern assumption

The Financial Information and the Comparative Financial Information have been prepared under historical cost convention, except for investment properties, which are measured at fair value.

The Financial Information and the Comparative Financial Information have been prepared on a going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding that the Target Company had net current liabilities of HK$99,325,000, HK$92,349,000, HK$86,406,000 and HK$80,687,000 as at 31 March 2014, 2015 and 2016 and 31 December 2016 respectively. The going concern basis has been adopted on the basis that:

(i) the directors of the Target Company expect certain bank borrowings of HK$64,161,000, HK$60,122,000, HK$56,051,000 and HK$52,966,000 as at 31 March 2014, 2015 and 2016 and 31 December 2016 respectively granted by the banks shall not be repaid within one year after the reporting dates, based on the agreed scheduled repayment set out in the loan agreement. Such bank borrowings are classified as current as these bank borrowings contain a repayment on demand clause. The directors of the Target Company do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment and believe that such loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreement, details of the scheduled repayment dates are set out in note 18, after taking into consideration that (i) there is no covenant stipulated in the loan agreement; and (ii) the fair values of investment properties of HK$408,000,000, HK$424,000,000, HK$441,000,000 and HK$487,000,000 as at 31 March 2014, 2015 and 2016 and 31 December 2016 respectively were much higher than the corresponding bank borrowings at each of the relevant periods. In addition, based on the past experience during the Relevant Periods, the directors of the Target Company expect that the rental income generated from these investment properties can cover the instalment payment of bank borrowings.

(ii) the undertaking from the director of the Target Company to provide continual financial support to the Target Company to meet its financial obligations as they fall due for the foreseeable future and the undertaking of the director of the Target Company not to demand repayment of debts due from the Target Company until such time when repayment will not affect the Target Company's ability to repay other creditors in the normal course of business.

Therefore, the directors of the Target Company consider that the Target Company can meet its financial obligations as they fall due for the foreseeable future and believe that the Target Company will continue as a going concern and consequently has prepared the Financial Information and the Comparative Financial Information on a going concern basis.

Should the Target Company be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and liabilities as current assets and liabilities and to provide for any further liabilities which may arise. The effects of these potential adjustments have not been reflected in the Financial Information and the Comparative Financial Information.

(c) Functional and presentation currency

The Financial Information and the Comparative Financial Information are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Target Company.

3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

The following new and revised HKFRSs, potentially relevant to the Financial Information, have been issued, but are not yet effective and have not been early adopted by the Target Company.

Amendments to HKAS 7	Statement of Cash Flows[1]
Amendments to HKAS 12	Income Taxes[1]
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Lease[3]

[1] Effective for annual periods beginning on or after 1 January 2017
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019

Amendments to HKAS 7 – Statement of Cash Flows

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 – Income Taxes

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

HKFRS 9 - Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial information.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 - Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments HKFRS 15 – Revenue from Contracts with customers

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classify cash repayments of the lease liability into a principal portion and an interest portion and present them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The directors of the Target Company have already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Target Company. The Target Company is not yet in a position to state whether these new pronouncements will result in substantial changes to the Target Company's accounting policies and Financial Information.

4 SIGNIFICANT ACCOUNTING POLICIES

(a) Investment property

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

(b) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

(c) Financial instruments

(i) Financial assets

The Target Company classifies its financial assets at initial recognition, depending on the purpose for which the assets were acquired. Financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(ii) Impairment loss on financial assets

The Target Company assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– granting concession to a debtor because of debtor's financial difficulty; and

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of impairment loss is measured as the difference between the asset's carrying amount and present value of estimated future cash flows discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of loans and receivables is reduced through the use of an allowance account. The amount of impairment loss is recognised in profit or loss of the period in which the impairment occurs. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realised or has been transferred to the Target Company.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iii) Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

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

(iv) Effective interest method

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

(v) Equity instruments

Equity instruments issued by the Target Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Target Company derecognises a financial asset when the contractual right to the future cash flows in relation to the financial asset expires or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

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

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

(d) Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, demand deposits with banks and short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, rendering of services and the use by others of the Target Company's assets yielding interest, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Target Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the accounting periods covered by the lease terms. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivables;

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Target Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(f) Income taxes

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

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

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

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

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

(g) Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The employees are required to participate in central pension scheme operated by the local municipal governments. The Target Company is required to contribute certain percentage of its payroll costs to the central pension schemes in Hong Kong.

Contributions are recognised as an expense in profit or loss as employees render services during the year/period.

Short-term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year/period when the employees render the related service.

(h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(i) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the Financial Information provided regularly to the Target Company most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Target Company's business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to sell the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(j) Related parties

(a) A person or a close member of that person's family is related to the Target Company if that person:

(i) has control or joint control over the Target Company;

(ii) has significant influence over the Target Company; or

(iii) is a member of key management personnel of the Target Company or the Target Company's parent.

(b) An entity is related to the Target Company if any of the following conditions apply:

(i) The entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Target Company or an entity related to the Target Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of the Target Company of which it is a part, provides key management personnel services to the Target Company or to the Target Company's parent.

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

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Target Company's accounting policies, the directors of the Target Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Fair value of investment properties

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

(b) Taxation

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

6. SEGMENT INFORMATION

The Target Company determines its operating segments based on the reports reviewed by the directors of the Target Company that are used to make strategic decisions. During the Relevant Periods, the Target Company manages its business mainly in a single segment, namely provision of property investment in Hong Kong. Accordingly, no operating segment information is presented.

The Target Company operates its business and maintains its assets in Hong Kong, therefore all of the Target Company's revenue are from Hong Kong and all of the Target Company's non-current assets are located in Hong Kong. Accordingly, no geographic segment information is presented.

Revenue from the major customers with whom transactions have exceeded 10% of the Target Company's revenue is as follows:

	Year ended 31 March			Nine months ended 31 December	
	2014	**2015**	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Customer A	1,680	1,680	1,680	1,120	1,260
Customer B	1,311	1,260	1,341	1,000	1,040
Customer C	–	–	1,820	1,274	1,638
Customer D	1,339	1,459	1,459	1,094	1,131
Customer E	1,262	1,283	1,387	947	1,007
Customer F	2,160	2,160	–	–	–

7. REVENUE

Revenue from the Target Company's principal activities during the Relevant Periods was derived from rental income from investment properties.

8. OTHER INCOME

	Year ended 31 March			Nine months ended 31 December	
	2014	**2015**	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Bank interest income	32	–	18	–	–
Sundry income	–	130	67	49	–
	32	130	85	49	–

9. FINANCE COSTS

All finance costs were interests on bank loans which include those with a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreement.

10. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Year ended 31 March			Nine months ended 31 December	
	2014	**2015**	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Auditors' remuneration	3	3	3	–	–
Direct operating expenses arising from investment properties that generated rental income during the year/period	125	128	23	16	35
Direct operating expenses arising from investment properties that did not generate rental income during the year/period	53	16	4	6	–
Employee costs (including directors' remunerations)	974	974	2,720	2,040	769

11. INCOME TAX EXPENSE

(a) The amount of taxation in the consolidated statement of comprehensive income represents:

	Year ended 31 March			Nine months ended 31 December	
	2014	**2015**	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Current tax					
– Tax for the year/period	820	880	677	460	764
– Over-provision in respect of prior years	–	(50)	(20)	–	–
	820	830	657	460	764
Deferred tax *(note 19)*					
– Current year	408	408	409	306	306
Income tax expense	1,228	1,238	1,066	766	1,070

(b) Income tax expense for the Relevant Periods can be reconciled to the profit before income tax per the statements of comprehensive income as follows:

	Year ended 31 March			Nine months ended 31 December	
	2014	**2015**	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Profit before income tax	10,476	23,806	23,600	6,641	52,483
Tax calculated at the domestic tax rate of 16.5%	1,729	3,928	3,894	1,096	8,660
Tax effect of non-deductible items for tax purposes	176	180	140	124	79
Tax effect of non-taxable items for tax purposes	(677)	(2,820)	(2,948)	(454)	(7,669)
Over-provision in prior years	–	(50)	(20)	–	–
Income tax expense	1,228	1,238	1,066	766	1,070

12. DIVIDENDS

No dividend has been paid or declared by the Target Company during the Relevant Periods.

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

Directors' remunerations

The aggregate amounts of the emoluments paid or payable to the directors of the Target Company during the Relevant Periods are as follows:

	Year ended 31 March			Nine months ended 31 December	
	2014	**2015**	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Director fees paid or payable to					
Mr. Pong Wai San Wilson	–	–	–	–	–
Mr. Pong Kwok Boon Boondy	240	240	240	180	189
Mrs. Pong Lo Shuk Yin Dorothy	240	240	2,000	1,500	189
Mrs. Pong Tung Ching Yee Helena	494	494	480	360	391
	974	974	2,720	2,040	769

There was no arrangement under which a director of the Target Company waived or agreed to waive any remuneration during the Relevant Periods.

During the Relevant Periods, no remunerations were paid by the Target Company to any of the directors of the Target Company as an inducement to join or upon joining the Target Company, or as compensation for loss of office.

No five highest paid individuals' emoluments is disclosed as other than directors of the Target Company, there was no other staff in the Target Company.

14. INVESTMENT PROPERTIES

The fair value of all investment properties is a Level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below:

	As at 31 March			As at 31 December
	2014	**2015**	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Fair value:				
At the beginning of the year/period	405,000	408,000	424,000	441,000
Change in fair value	3,000	16,000	17,000	46,000
At the end of the year/period	408,000	424,000	441,000	487,000

All investment properties are held on long leases (over 50 years) and located in Hong Kong. As at 31 March 2014, 2015 and 2016 and 31 December 2016, all investment properties were pledged as securities for bank borrowings granted to the Target Company (note 18).

The fair values of investment properties as at 31 March 2014, 2015 and 2016 and 31 December 2016 have been arrived at on market value basis carried out by an independent valuation firm who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. Fair values as at 31 March 2014, 2015 and 2016 and 31 December 2016 are determined using direct comparison approach. The comparison based on prices realised on actual sales of comparable properties is made. Comparable properties with similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

	As at 31 March			As at 31 December
	2014	**2015**	**2016**	**2016**
Significant unobservable inputs				
Quality of properties	–7% to 23%	–7% to 24%	–7% to 25%	–8% to 28%

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

During the Relevant Periods, there were no transfers between Level 1 and Level 2, and no transfers into or out of Level 3.

There were no changes to the valuation techniques during the Relevant Periods.

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

15. TRADE RECEIVABLES

Pursuant to the tenancy agreements entered with the tenants, tenants are normally required to pay one month's rent in advance.

Based on the invoice dates, all trade receivables as at 31 March 2014, 2015 and 2016 and 31 December 2016 were aged within 90 days.

All trade receivables are subject to credit risk exposure. Impairment on trade receivables is recognised when the debts are identified to be irrecoverable.

Based on the due dates, ageing analysis of trade receivables is as follows:

	As at 31 March			As at 31 December
	2014	**2015**	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Less than 90 days past due	–	–	346	–

Trade receivables that were less than 90 days past due were settled subsequently.

As at 31 March 2014, 2015 and 2016 and 31 December 2016, there was no amount denominated in a currency other than the functional currency of the Target Company.

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

16. CASH AND BANK BALANCES

	As at 31 March			As at 31 December
	2014	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash at banks and in hand	1,705	4,712	6,281	2,008
Bank deposits with an original maturity of not more than three months	–	–	–	8,500
	1,705	4,712	6,281	10,508

Cash at banks earned interest at floating rates based on daily bank deposit rates. As at 31 December 2016, bank deposits of HK$8,500,000 carried interest at 0.7% per annum and matured on 25 January 2017.

17. ACCRUED EXPENSES AND OTHER PAYABLES

	As at 31 March			As at 31 December
	2014	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Accruals	375	249	252	893
Other payables	2,982	2,993	3,043	3,077
	3,357	3,242	3,295	3,970

18. BANK BORROWINGS

	As at 31 March			As at 31 December
	2014	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current portion				
– Bank borrowings due for repayment within one year	4,002	4,039	4,071	4,100
– Bank borrowings due for repayment after one year which contain a repayment on demand clause	64,161	60,122	56,051	52,966
	68,163	64,161	60,122	57,066
Effective interest rate ranged from (per annum)	1.03% to 1.15%	1.05% to 1.17%	1.10% to 1.17%	1.06% to 1.19%

The current portion included bank borrowings of HK$64,161,000, HK$60,122,000, HK$56,051,000 and HK$52,966,000 as at 31 March 2014, 2015 and 2016 and 31 December 2016 respectively that were classified as current liabilities as the related loan agreement contains a clause that provides the lender with an unconditional right to demand repayment at any time at its own discretion. None of the portion of these bank loans due from repayment after one year which contain a repayment on demand clause and that is classified as a current liability is expected to be settled within one year.

Assuming that the bank does not request the clause for repayment on demand and based on the repayment dates as scheduled in the loan agreement, bank borrowings are due for repayments, as at each of the reporting dates, as follows:

	As at 31 March			As at 31 December
	2014	**2015**	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	4,002	4,039	4,071	4,100
In the second year	4,038	4,071	4,119	4,156
In the third to fifth year	12,359	12,504	12,651	12,762
After five years	47,764	43,547	39,281	36,048
	68,163	64,161	60,122	57,066

All bank borrowings as at 31 March 2014, 2015 and 2016 and 31 December 2016 were secured by the guarantee from one of the directors of the Target Company and the pledge of the Target Company's investment properties (note 14), and interest were charged at 0.9% per annum over 1, 2 or 3-month HIBOR with capped rate of 2.75% per annum below the prime rate.

19. DEFERRED TAX LIABILITIES

Deferred taxation is calculated on temporary differences under balance sheet liability method using the rate of taxation prevailing in Hong Kong.

	As at 31 March			As at 31 December
	2014	**2015**	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Accelerated tax depreciation:				
At the beginning of the year/period	1,368	1,776	2,184	2,593
Debited to profit or loss for the year/period *(note 11(a))*	408	408	409	306
At the end of the year/period	1,776	2,184	2,593	2,899

20. SHARE CAPITAL

	Number of shares	*HK$*
Ordinary shares of US$1 each		
Authorised:		
At 1 April 2013, 31 March 2014, 31 March 2015 and 31 March 2016 and 31 December 2016	50,000	400,000
Issue and fully paid:		
At 1 April 2013, 31 March 2014, 31 March 2015 and 31 March 2016 and 31 December 2016	1	8

21. RELATED PARTY TRANSACTIONS

(a) The following transactions were carried out with related parties during the Relevant Periods:

Type of transaction	**Year ended 31 March**			**Nine months ended 31 December**	
	2014	**2015**	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Rental income received from the related companies in which the sole shareholder of the Target Company has significant influence	3,840	3,840	2,040	1,480	1,260

(b) **Year-end balances with related parties**

Amounts due to a director were interest-free, unsecured and repayable on demand. The carrying values of these balances approximate their fair values.

(c) **Key management personnel**

The key management personnel of the Target Company are the directors of the Target Company. Details of the remuneration paid to them are set out in note 13 to the Financial Information.

Save as elsewhere in the Financial Information and above, there were no other related party transactions during the Relevant Periods.

22. OPERATING LEASE ARRANGEMENTS

	As at 31 March			**As at 31 December**
	2014	**2015**	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	2,684	2,689	2,702	2,713

The Target Company leases its properties under operating lease arrangements which run for an initial period of two to four years, with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Target Company and the respective tenants. None of the leases include contingent rentals.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND FAIR VALUE MEASUREMENTS

The Target Company is exposed to a variety of financial risks in its ordinary course of operations. The financial risks include credit risk, interest risk and liquidity risk. Details are disclosed in the notes below. The Target Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance of the Target Company. Risk management is carried out by key management under the policies approved by the directors of the Target Company. The Target Company does not have written risk management policies. However, the directors of the Target Company meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks on timely and effective manner. The risks associated with these financial instruments and the policies applied by the Target Company to mitigate these risks are set out below.

(a) Summary of financial assets and liabilities by category

The carrying amounts of the Target Company's financial assets and liabilities recognised in the statements of financial position at the end of each reporting period may also be categorised as follows:

	As at 31 March			As at 31 December
	2014	**2015**	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Loans and receivables:				
Trade receivables	–	–	346	–
Other receivables	4	3	6	3
Cash and bank balances	1,705	4,712	6,281	10,508
	1,709	4,715	6,633	10,511
Financial liabilities				
At amortised costs:				
Accrued expenses and other payables	3,357	3,242	3,295	3,970
Amounts due to director	29,812	29,797	29,800	29,796
Borrowings	68,163	64,161	60,122	57,066
	101,332	97,200	93,217	90,832

The fair values of the Target Company's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments.

(b) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Target Company. The Target Company's exposure to credit risk mainly arises from credit to tenants in the ordinary course of its business. The Target Company continuously monitors defaults of tenants and other counterparties, identified either individually or by group, and incorporate this information into its credits risk controls. The Target Company's policy is to deal only with creditworthy counterparties and tenants.

The Target Company's management considers that all the above financial assets that are not impaired under review are of good credit quantity, including those that are past due.

None of the Target Company's financial assets are secured by collateral or other credit enhancement.

The credit risk for bank deposits and balances is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(c) Interest risk

The Target Company's exposure to interest rate risk on floating interest-bearing financial liabilities mainly came from secured bank borrowings. The interest rates and repayment terms of the Target Company's borrowings are disclosed in note 18. The Target Company currently does not have an interest rate hedging policy. However, the directors monitor interest rate change exposure and will consider hedging significant interest rate exchange exposure should the need arise.

At the end of the Relevant Periods, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Target Company's profit for the year/period and retained earnings by approximately of HK$341,000, HK$321,000, HK$301,000 and HK$285,000 for the years ended 31 March 2014, 2015 and 2016 and for the nine months ended 31 December 2016 respectively. The sensitivity analysis is prepared assuming the amount of borrowings outstanding at the reporting date was outstanding for the whole year/period.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for the borrowings in existence at that date. The 50 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

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

(d) Liquidity risk

The Target Company is exposed to liquidity risk in respect of settlement of accounts and other payables and its financing obligations, and also in respect of its cash flows management. The Target Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. As detailed in note 2(b) to the Financial Information, the Target Company maintains its liquidity requirements by (i) the bank will not exercise its discretion to demand immediate repayment and such loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreement; and (ii) the undertaking from the director of the Target Company to provide continual financial support to the Target Company to meet its financial obligations as they fall due for the foreseeable future and the undertakings of the director of the Target Company not to demand repayment of debts due from the Target Company until such time when repayment will not affect the Target Company's ability to repay other creditors in the normal course of business.

The following tables detail the Target Company's remaining contractual maturities of the Target Company's financial liabilities which are based on undiscounted cash flows and the earliest date the Target Company can be required to pay are summarised below.

	Carrying amount	**Total contractual undiscounted cash flow**	**On demand**
	HK$'000	*HK$'000*	*HK$'000*
At 31 March 2014			
Accrued expenses and other payables	3,357	3,357	3,357
Amounts due to a director	29,812	29,812	29,812
Bank borrowings	68,163	68,163	68,163
	101,332	101,332	101,332
At 31 March 2015			
Accrued expenses and other payables	3,242	3,242	3,242
Amounts due to a director	29,797	29,797	29,797
Bank borrowings	64,161	64,161	64,161
	97,200	97,200	97,200
At 31 March 2016			
Accrued expenses and other payables	3,295	3,295	3,295
Amounts due to a director	29,800	29,800	29,800
Bank borrowings	60,122	60,122	60,122
	93,217	93,217	93,217
At 31 December 2016			
Accrued expenses and other payables	3,970	3,970	3,970
Amounts due to a director	29,796	29,796	29,796
Bank borrowings	57,066	57,066	57,066
	90,832	90,832	90,832

The table that follows summarises the maturity analysis of those term loans with repayment on demand clause based on the agreed scheduled repayments set out in the loan agreement. The amounts included interest payments computed using contractual rates. As a result, these amounts are greater than the amounts disclosed in the "on demand" time band in the above maturity analysis. Taking into account the Target Company's financial position, the directors of the Target Company do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment, the directors of the Target Company believe that such term loans will be repaid in accordance with the scheduled repayment dates as set out in the loan agreement.

	Carrying amount	Total contractual undiscounted cash flow	Less than one year	More than one year but less than five years	After five years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Term loans subject to repayment on demand clause based on scheduled repayments					
31 March 2014	68,163	74,594	4,747	19,009	50,838
31 March 2015	64,161	69,847	4,747	19,015	46,085
31 March 2016	60,122	65,100	4,756	19,012	41,332
31 December 2016	57,066	61,532	4,753	19,012	37,767

24. CAPITAL MANAGEMENT

The Target Company's objectives when managing capital are:

- to safeguard the Target Company's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- to support the Target Company's stability and growth; and
- to provide capital for the purpose of strengthening the Target Company's risk management capability.

The Target Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Target Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Target Company has not adopted any formal dividend policy.

Management regards total equity as capital, for capital management purpose. The amount of capital as at 31 March 2014, 2015 and 2016 and 31 December 2016 amounted to approximately HK$306,899,000, HK$329,467,000, HK$352,001,000 and HK$403,414,000 respectively, which management considers as satisfactory having considered the projected capital expenditures and the projected strategic investment opportunities.

The Target Company's overall strategy in capital management remains unchanged during the Relevant Periods.

25. SUBSEQUENT EVENTS

There are no significant events occurred subsequent to 31 December 2016.

III. SUBSEQUENT FINANCIAL INFORMATION

No audited Financial Information has been prepared by the Target Company in respect of any period subsequent to 31 December 2016.

Yours faithfully,

BDO Limited
Certified Public Accountants

Au Yiu Kwan
Practising Certificate number P05018

Hong Kong, 28 April 2017

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

Introduction

The following is the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the "Unaudited Pro Forma Financial Information) (being the Company and its subsidiaries (collectively, the "Group") together with Flexwood Limited (the "Target Company")) which has been prepared based on the unaudited consolidated statement of financial position of the Group as at 31 December 2016 as set out in the Company's published interim report for the six months ended 31 December 2016, after making pro forma adjustments as set out in the notes below.

The Unaudited Pro Forma Financial Information has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the acquisition as if it had taken place on 31 December 2016. It has been prepared on the basis of the notes set out below and is consistent with the accounting policies adopted by the Group.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the acquisition been completed as at 31 December 2016 or at any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical information of the Group as set out in the published interim report of the Company for the six months ended 31 December 2016 and other financial information included elsewhere in this circular.

Unaudited Pro Forma Financial Information of the Enlarged Group as at 31 December 2016

	Consolidated statement of assets and liabilities of the Group as at 31 December 2016	Statement of assets and liabilities of the Target Company as at 31 December 2016	Pro forma adjustments			Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
ASSETS AND LIABILITIES						
Non-current assets						
Investment properties	413,200	487,000	–	3,000	(76,494)	826,706
Property, plant and equipment	951	–	–	–	76,494	77,445
Available-for-sale financial assets	45,502	–	–	–	–	45,502
Deposits for investment properties	3,023	–	–	–	–	3,023
	462,676	487,000	–	3,000	–	952,676
Current assets						
Amounts due from associates	82,414	–	–	–	–	82,414
Amounts due from a joint venture	11	–	–	–	–	11
Properties held for trading	99,199	–	–	–	–	99,199
Properties under development	444,884	–	–	–	–	444,884
Trade receivables	3,530	–	–	–	–	3,530
Prepayments, deposits and other receivables	5,316	179	–	–	–	5,495
Financial assets at fair value through profit or loss	26,824	–	–	–	–	26,824
Cash and bank balances	418,881	10,508	–	–	–	429,389
	1,081,059	10,687	–	–	–	1,091,746
Current liabilities						
Accrued expenses and other payables	6,629	3,970	–	3,000	–	13,599
Borrowings	2,679	57,066	–	–	–	59,745
Amounts due to a director	–	29,796	(29,796)	–	–	–
Amounts due to non-controlling shareholders	235,053	–	–	–	–	235,053
Provision for income tax	1,761	542	–	–	–	2,303
	246,122	91,374	(29,796)	3,000	–	310,700

	Consolidated statement of assets and liabilities of the Group as at 31 December 2016	Statement of assets and liabilities of the Target Company as at 31 December 2016	Pro forma adjustments			Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
Net current assets/(liabilities)	834,937	(80,687)	29,796	(3,000)	–	781,046
Total assets less current liabilities	1,297,613	406,313	29,796	–	–	1,733,722
Non-current liabilities						
Borrowings	22,774	–	–	–	–	22,774
Deferred tax liabilities	739	2,899	–	–	–	3,638
	23,513	2,899	–	–	–	26,412
Net assets	1,274,100	403,414	29,796	–	–	1,707,310

Notes:

1. The balances are extracted from the unaudited consolidated statement of financial position of the Group as at 31 December 2016 as set out in the published interim report of the Company for the nine months ended 31 December 2016 in Appendix I to this circular.

2. The balances are extracted from the audited statement of financial position of the Target Company as at 31 December 2016 as set out in Appendix II to this circular.

3. The acquisition of the Target Company is considered to be an asset acquisition because this transaction does not meet the definition of a business combination under HKFRS 3 (Revised) Business Combination. For the purpose of the Unaudited Pro Forma Financial Information of the Enlarged Group and solely for illustrative purpose only, the directors of the Company have assessed the fair values of the identifiable assets and liabilities of the Target Company.

   Pursuant to the Acquisition Agreement entered on 14 March 2017, the aggregate consideration for the acquisition of entire equity interest of the Target Company and the amount of the loan owed by the Target Company to the vendor (the "Sale Loan") shall be satisfied by the allotment and issue of 2,409,625,668 shares of the Company.

The consideration and fair values of assets and liabilities acquired are as follows:

	HK$'000
Consideration *(note a)*	433,210
Fair values of assets and liabilities acquired:	
Investment properties	487,000
Prepayments, deposits and other receivables	179
Cash and bank balances	10,508
Accrued expenses and other payables	(3,970)
Bank borrowings	(57,066)
Provision for income tax	(542)
Deferred tax liabilities	(2,899)
	433,210

Notes:

(a) As the acquisition of the Target Company is considered to be an asset acquisition and the consideration is settled by way of 2,409,625,668 shares of the Company, the fair value of 2,409,625,668 consideration shares is based on the fair value of the assets and liabilities of the Target Company acquired upon completion. In accordance with HKFRS 2 Share-based Payment, for equity-settled share-based payment transactions, the entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received.

(b) Amount due to a director (i.e. the Sale Loan) will be transferred to the Group upon the completion of the Acquisition. The balance has been eliminated in the Unaudited Pro Forma Financial Information of the Enlarged Group.

Upon completion of the Acquisition, the fair values of the assets and liabilities of the Target Company may be different from those for the preparation of the Unaudited Pro Forma Financial Information of the Enlarged Group. As a result, the final amounts of the identifiable net assets and the consideration to be recognised in connection with the Acquisition may be different from the amounts presented here and the differences may be significant.

4. It represents the estimated amount of HK$3,000,000 for legal and professional fees and other expenses payable by the Group which is directly attributable to the Acquisition and treated as part of the cost of assets acquisition.

5. It represents the reclassification from investment properties to property, plant and equipment in the Unaudited Pro Forma Financial Information of the Enlarged Group, as the directors of the Company have determined that this portion of property continue to be occupied for own use upon completion of the Acquisition.

6. No other adjustments have been made to reflect any trading results or other transactions of the Group and the Target Company entered into subsequent to 31 December 2016. Unless otherwise stated, the adjustments above do not have a recurring effect.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong.

BDO

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111 Connaught Road Central
Hong Kong

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the directors of Winfull Group Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Winfull Group Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities of the Company as at 31 December 2016 and related notes as set out on pages III-2 to III-4 of the circular issued by the Company dated 28 April 2017 (the "Circular") in connection with the proposed acquisition of 100% equity interest of Flexwood Limited (the "Proposed Acquisition"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on page III-1 of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Proposed Acquisition on the Group's consolidated financial position as at 31 December 2016 as if the Proposed Acquisition had taken place at 31 December 2016. As part of this process, information about the Group's consolidated financial position has been extracted by the directors of the Company from the Group's interim report for the six months ended 31 December 2016, on which no audit or review has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Acquisition at 31 December 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

BDO Limited
Certified Public Accountants
Hong Kong

28 April 2017

The following is the text of a letter and valuation certificates dated 28 April 2017 prepared for the purpose of incorporation in this circular received from Ascent Partners Valuation Service Limited, an independent valuer, in connection with its valuation as at 28 February 2017 of the property interests held by the Group.

ASCENT PARTNERS
Together We Flourish

Suite 2102, Hong Kong Trade Centre
161-167 Des Voeux Road Central
Hong Kong
Tel: 3679-3890
Fax: 3579-0884

Date: 28 April 2017

The Board of Directors
Winfull Group Holdings Limited
Unit A, 6/F
9 Queen's Road Central
Hong Kong

Dear Sirs,

INSTRUCTIONS

In accordance with the instructions received from Winfull Group Holdings Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") for us to carry out a valuation of various properties located in Hong Kong and the United Kingdom, we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 28 February 2017 (referred to as the "**Valuation Date**") for the purpose of incorporation in the circular.

BASIS OF VALUATION

Our valuation of the property interests represents the market value which is defined by The Hong Kong Institute of Surveyors ("**HKIS**") Valuation Standards to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's – length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

In valuing the property interests, we have complied with all the requirements contained in the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors, the RICS Valuation — Professional Standards published by the Royal Institution of Chartered Surveyors, the International Valuation Standards (2013) published by the International Valuation Standards Council effective from 1 January 2014 and the rules contained in Rule 11 of the Code on Takeovers and Mergers issued by the Securities and Futures.

VALUATION METHODOLOGY

We have valued the property interests in Group I, Group II (except property no. 5) and Group III on market basis and the direct comparison method is adopted where comparison based on comparable sales evidence as available in the relevant market. Comparable properties of similar size, character, and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values.

We have valued the property interest of property no. 5 which is currently under development on the basis that it will be developed and completed in accordance with the latest development proposal provided to us. In arriving at our opinion of value, we have adopted the direct comparison method whereas applicable market comparable sales with adjustments are applied and have also taken into account the expended construction costs and the costs that will be spent to complete the development provided by the Group as at the Valuation Date in order to reflect the quality of the completed development.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the seller sells the property interests on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the values of the property interests.

No allowance has been made in our valuation for any charges, mortgages or amount owing on any property interests nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, we have assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their value.

Unless stated as otherwise, we have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of all laws, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, all required licenses, permit, certificate and authorizations have been obtained.

Other special assumptions of the property interests, if any, have been stated out in the footnotes of the valuation certificate attached herewith.

TITLE INVESTIGATION

We have carried out searches to be made at the Land Registry for the properties located in Hong Kong and the United Kingdom. We have been, in some instances, provided with the extracts of the documents relating to the properties. However, we have not verified ownership of the properties to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

VALUATION CONSIDERATIONS

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the property interests. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

We have inspected the exterior and, wherever possible, the interior of the property but no structural survey had been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the copies of documents handed to us are correct.

POTENTIAL TAX LIABILITIES

According to the information provided by the Group, the potential tax liabilities which would arise upon disposal of the properties in Hong Kong include stamp duty at a maximum levy rate of 8.5% of the value of the consideration and profit tax at the rate of 16.5% on assessable profit from the sale of the properties. As advised by the Group, property interests held for investment and under development in Hong Kong are not intended for sale so it is unlikely that such tax liabilities will be crystalized in the near future.

The potential tax liabilities which would arise upon disposal of the property in the United Kingdom include income tax at a rate of 20% on profit from the sale of the property. However, please note that if the property is acquired as a genuine investment to generate rental income by non-resident investors with a view to have long-term capital growth, the capital gains derived from the disposal of the property is exempt from UK capital gain tax and the UK income tax will not be applied. If the property is acquired with the sole or main object of realizing a profit on disposal, any gain on disposal will normally be treated as income rather than capital gains and therefore subject to the income tax at 20% as mentioned above. It is likely that the relevant tax liability will be crystalized upon sale. The precise tax implication for the sales of the property will be subject to the prevailing rules and regulations at the time of disposal.

REMARKS

Unless otherwise stated, all monetary amounts stated in this report are in Hong Kong Dollars (HKD). The exchange rate adopted in our valuations is GBP1 = HKD9.645 which was the approximate exchange rate prevailing as at the Valuation Date.

For property nos. 1 to 6, the inspections were conducted by Ms. Isabella Qiu (MSc in Construction and Real Estate). For property no. 7, the inspection was conducted by Mr. Stephen Yeung.

We enclose herewith the summary of valuations together with the valuation certificates.

Yours faithfully,
For and on behalf of
Ascent Partners Valuation Service Limited
Stephen Y. W. Yeung
MFin BSc (Hons) Land Adm. MHKIS MRICS MCIREA RPS(GP)
Principal

Mr. Stephen Y. W. Yeung is a Registered Professional Surveyor (General Practice Division) and a Professional Member of The Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors with over 10 years' experience in valuation of properties in HKSAR, mainland China and United Kingdom. Mr. Yeung is also a valuer on the List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by HKIS.

SUMMARY OF VALUATIONS

	Property Interests	Market value in existing state as at 28 February 2017 *HKD*	Interests attributable to the Group	Market value attributable to the Group as at 28 February 2017 *HKD*
Group I – Property interests held by the Group for investment in Hong Kong				
1	Portion No. 4, Flat No. 23, Shop Nos. 23A & 23B on Ground Floor and No. 23 on Mezzanine Floor, Wing Lee Building, Nos. 27 29 31 31A 31B & 31C Kimberley Road, Kowloon	206,700,000	100%	206,700,000
2	Shop 2 on Ground Floor, Shop 3 on Lower Ground 1 Floor, Open Side Yard, Signage Areas II and Signage Areas III, Grand Scholar, No. 419K Queen's Road West, Hong Kong	110,700,000	100%	110,700,000
3	Workshops 1-9 on 4th Floor, Kenning Industrial Building, No. 19 Wang Hoi Road, Kowloon, Hong Kong	84,900,000	100%	84,900,000
4	Roof of Block C, Sea View Estate, No. 8 Watson Road, Hong Kong	34,800,000	51%	17,748,000
	Group I Sub-total:	437,100,000		420,048,000

	Property Interests	Market value in existing state as at 28 February 2017 *HKD*	Interests attributable to the Group	Market value attributable to the Group as at 28 February 2017 *HKD*
Group II – Property interests held by the Group under development in Hong Kong				
5	Patina, No. 18 Junction Road, Kowloon, Hong Kong	1,351,000,000	30%	405,300,000
6	Nos. 142, 144, 146, 148, 150, 152 and 154 Carpenter Road, Kowloon City, Kowloon	527,000,000	51%	268,770,000
	Group II Sub-total:	1,878,000,000		674,070,000
Group III – Property interests held by the Group for trading in the United Kingdom				
7	Atlantic House, Tyndall Street, Cardiff, the United Kingdom, CF10 4PP	75,200,000	100%	75,200,000
	Group III Sub-total:	75,200,000		75,200,000
	Grand Total:	**2,390,300,000**		**1,169,318,000**

VALUATION CERTIFICATE

Group I – Property interests held by the Group for investment in Hong Kong

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 28 February 2017
1	Portion No. 4, Flat No. 23, Shop Nos. 23A & 23B on Ground Floor and No. 23 on Mezzanine Floor, Wing Lee Building, Nos. 27 29, 31, 31A, 31B and 31C Kimberley Road, Kowloon 21/180th shares of and in Kowloon Inland Lot Nos. 7404, 7416, 7431 and 7465	The property comprises four shop units on ground floor and a shop unit on mezzanine floor of a 21-storey composite building completed in about 1983. As scaled off from the building plans obtained from the Buildings Department, the total saleable area of the property is approximately 3,394 square feet. Kowloon Inland Lot No. 7404 is held under Conditions of Regrant 6061 for a term of 150 years commencing on 25 December 1888. Kowloon Inland Lot No. 7416 is held under Conditions of Regrant 6197 for a term of 150 years commencing on 25 December 1888. Kowloon Inland Lot No. 7431 is held under Conditions of Renewal 6022 for a term of 150 years commencing on 25 December 1888. Kowloon Inland Lot No. 7465 is held under Conditions of Re-grant No. UB6172 for a term of 150 years commencing on 25 December 1888. The total Government rent payable for the lots is HKD1,217 per annum.	Pursuant to the tenancy agreement provided by the Group, the property was leased for shop purpose as stated in Note 3 and 4.	HKD206,700,000 (100% attributable interest to the Group: HKD206,700,000)

Notes:

1. The registered owner of the property is Central Fly Limited vide Memorial No. 12061402450031 dated 16 May 2012.

2. The following major encumbrances were registered against the property upon our recent search of the Land Register at the Land Registry:

   (i) A Deed of Mutual Covenant vide Memorial No. UB436884 dated 9 March 1964; and

   (ii) A Sub-Deed of Mutual Covenant vide Memorial No. UB8565889 dated 3 December 2001. (Re: For Flat No. 23 on Ground Floor and No. 23 on Mezzanine Floor only).

3. Pursuant to a tenancy agreement dated 13 November 2013 entered into between Central Fly Limited (the "**Lessor**") and Kai Kee (Food & Beverage Limited (the "**Lessee**"), the property was leased for a term of four years commencing on 15 October 2013 and expiring on 14 October 2017 at a monthly rental of HKD544,000 for the first 3 years of tenancy, HKD648,000 for the fourth year of the tenancy exclusive of rates, Government rent, management fee and utility charge with an option to renew for another 3 years from 15 October 2017 to 14 October 2020 for shop purpose. The details of rent free period are as follows:

From	**To**
15 October 2013	14 December 2013
15 April 2014	14 May 2014
15 January 2015	14 February 2015
15 September 2015	14 October 2015
15 May 2016	14 June 2016
15 April 2017	14 May 2017

4. Pursuant to a tenancy agreement dated 20 March 2017 entered into between Central Fly Limited (the "**Lessor**") and Kai Kee (Food & Beverage Limited (the "**Lessee**"), the property was further leased for a term of three years commencing on 15 October 2017 and expiring on 14 October 2020 at a monthly rental of HKD648,000 exclusive of rates, Government rent, management fee and utility charge. The details of rent free period are as follows:

From	**To**
15 September 2017	14 October 2017
15 February 2018	14 March 2018
15 November 2018	14 December 2018
15 August 2019	14 September 2019
15 May 2020	14 June 2020
15 September 2020	14 October 2020

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 28 February 2017
2	Shop 2 on Ground Floor, Shop 3 on Lower Ground 1 Floor, Open Side Yard, Signage Areas II and Signage Areas III, Grand Scholar, No. 419K Queen's Road West, Hong Kong 1456/10100th shares of and in the Remaining Portion of Section A of Marine Lot No. 205	The property comprises one shop unit and a yard on ground floor, one shop unit on Lower Ground 1 Floor and two signage areas in a 26-storey residential building plus two floors below-ground completed in about 2006. As scaled off from the building plans obtained from the Buildings Department, the total saleable area of the property is approximately 7,606 sq.ft. plus a yard of approximately 103 sq.ft. The Remaining Portion of Section A of Marine Lot No. 205 is held under a Government Lease for a term of 999 years commencing on 16 November 1864. The Government rent payable for the lots is HKD118 per annum.	Pursuant to the tenancy agreement provided by the Group, the property was leased for congregation use as stated in Note 3.	HKD110,700,000 (100% attributable interest to the Group: HKD110,700,000)

Notes:

1. The registered owner of the property is Achiever Connect Limited vide Memorial No. 15102801780077 dated 30 September 2015.

2. The following major encumbrances were registered against the property upon our recent search of the Land Register at the Land Registry:

   (i) An Occupation Permit No. HK 20/2006(OP) vide Memorial No. 06041301670282 dated 7 April 2006; and

   (ii) A Deed of Mutual Covenant and Management Agreement vide Memorial No. 06052402090445 dated 26 April 2006.

3. Pursuant to a tenancy agreement dated 19 July 2016 entered into between Achiever Connect Limited (the "**Lessor**") and Hong Kong Mandarin Bible Church Limited (the "**Lessee**"), the property was leased for a term of three years commencing on 1 November 2016 and expiring on 31 October 2019 at a monthly rental of HKD330,000 exclusive of rates, Government rent, management fee and utility charge for congregation use. The Lessee was entitled to a rent free period from 1 November 2016 to 31 December 2016 and an option to renew for another 3 years at a monthly rental of HKD396,000.

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 28 February 2017
3	Workshops 1-9 on 4th Floor, Kenning Industrial Building, No. 19 Wang Hoi Road, Kowloon, Hong Kong 164/1730th shares of and in New Kowloon Inland Lot No. 5831	The property comprises nine workshop units and currently converted into three workshop units on 4th Floor of a 14-storey industrial building plus one basement floor completed in about 1986. As scaled off from the building plans obtained from the Buildings Department, the total saleable area of the property is approximately 13,910 sq.ft. New Kowloon Inland lot No. 5831 is held under Conditions of Sale No. 11469 for a term of 99 years commencing on 1 July 1898 and statutorily extended to 30 June 2047. The Government rent payable for the lot is at three percent of the rateable value per annum.	Pursuant to the tenancy agreements provided by the Group, Units A and B of the property were leased as stated in Notes 3 and 4. Unit C of the property is vacant in possession.	HKD84,900,000 (100% attributable interest to the Group: HKD84,900,000)

Notes:

1. The registered owner of the property is Formal Focus Limited vide Memorial No. 15120702000021 dated 16 November 2015.

2. The following major encumbrances were registered against the property upon our recent search of the Land Register at the Land Registry:

   (i) An Occupation Permit No. NK32/86 vide Memorial No. UB3078274 dated 2 June 1986; and

   (ii) A Deed of Mutual Covenant and Management Agreement vide Memorial No. UB3088145 dated 17 June 1986.

3. Pursuant to a tenancy agreement dated 15 February 2016 entered into between Formal Focus Limited (the "**Lessor**") and Burnon International Limited (the "**Lessee**"), Unit A on 4th Floor was leased for a term of two years commencing on 15 February 2016 and expiring on 14 February 2018 at a monthly rental of HKD128,000 inclusive of Government rent, rates, management fee and other outgoings with a rent free period form 15 February 2016 to 31 March 2016.

4. Pursuant to a tenancy agreement dated 20 August 2014 entered into between Waylon Limited (the former registered owner) (the "**Lessor**") and Tigers (HK) Company Limited (the "**Lessee**"), Unit B on 4th Floor was leased for a term of three years commencing on 23 December 2014 and expiring on 22 December 2017 at a monthly rental of HKD66,500 exclusive of Government rent, rates but inclusive of management fee.

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 28 February 2017
4.	Roof of Block C, Sea View Estate, No. 8 Watson Road, Hong Kong 1/3 of 1/95000th shares of and in Section A of Marine Lot No. 293 and Inland Lot No. 1780	The property comprises a roof and a signboard space erected upon of a 15-storey non-domestic building completed in 1966. The roof area of the property is approximately 8,970 sq.ft. Section A of Marine Lot No. 293 is held under a Government Lease for a term of 75 years renewable for 75 years commencing on 5 November 1906. Inland Lot No. 1780 is held under a Government Lease for a term of 75 years renewable for 75 years commencing on 23 December 1907. The total Government rent payable for the lots is HKD157,368 per annum.	As at the Valuation Date, the property is vacant in possession.	HKD34,800,000 (51% attributable interest to the Group: HKD17,748,000)

Notes:

1. The registered owner of the property is Brilliant Icon Limited vide Memorial No. 12012601330026 dated 3 January 2012.

2. The property is subject to a Deed of Mutual Covenant vide Memorial No. UB2226951 dated 23 January 1982.

3. Pursuant to the latest approval letter dated 19 September 2014 issued by the Buildings Department in respect of Building and Structure (Alterations & Additions – Signboard) Amendment, the Group was approved to commence the demolition and re-construction work of steel structure frame of the signboard.

   As advised by the Group, the re-construction work of steel structure frame of the signboard has been completed.

VALUATION CERTIFICATE

Group II – Property interests held by the Group under development in Hong Kong

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 28 February 2017
5	Patina, No. 18 Junction Road, Kowloon, Hong Kong New Kowloon Inland Lot No. 2697; Sub-Section 1, 2, 3 and the Remaining Portion of Section A and the Remaining Portion of New Kowloon Inland Lot No. 2730; Section A and the Remaining Portion of New Kowloon Inland Lot No. 2731; Section A and the Remaining Portion of New Kowloon Inland Lot No. 2794; New Kowloon Inland Lot No. 2847; and The Remaining Portion of New Kowloon Inland Lot No. 2867	Patina (the "**Development**") is a composite development with a 24-storey residential building (with 4th, 13th, 14th and 24th Floors omitted) erected upon a 3-storey commercial podium plus two basement floors. Pursuant to an Occupation Permit No. KN22/2016, the Development was completed on 30 May 2016. The total site area of the Development is approximately 10,166 sq.ft. Pursuant to the approved building plans provided by the Group, the total gross floor area is approximately 84,365 sq.ft. The lots are held under various Government Leases and Conditions of Exchange Nos. 3992, 3993 and 4086 for a term of 75 years renewable for 24 years commencing on 1 July 1898 and has been statutorily extended to 30 June 2047.	As at the Valuation Date, the property is vacant in possession.	HKD1,351,000,000 (30% attributable interest to the Group: HKD405,300,000)

Notes:

1. The registered owner of the property is Everhost Limited.

2. The property is subject to a Mortgage in favour of Hang Seng Bank Limited vide Memorial No. 16062701840150 dated 15 June 2016.

3. In the course of our valuation, we have taken into account the outstanding cost of about HKD40,870,000.

4. The market value of the property as if completed as at the Valuation Date in accordance to the approved building plans provided by the Group, would be HKD1,520,000,000.

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 28 February 2017
6	Nos. 142, 144, 146, 148, 150, 152 and 154 Carpenter Road, Kowloon City, Kowloon New Kowloon Inland Lot No. 3715; Sections A, E and F of New Kowloon Inland Lot No. 3715; New Kowloon Inland Lot No. 3956; New Kowloon Inland Lot No. 3957; and New Kowloon Inland Lot No. 3958 (New Lot to be known as New Kowloon Inland Lot No. 6561 after the land exchange)	The property is a corner site in rectangular shape lying along the northern side of Carpenter Road abutting to Junction Road in Kowloon City. It has a site area of about 847.51 sq.m. including seven 5-storey tenement buildings completed in about 1954. As stated in Note 5, the total gross floor area of the redevelopment shall not less than 4,577 sq.m. and not exceeding 7,627 sq.m. Pursuant to the approved building plans provided by the Group, the proposed redevelopment is a composite development with a 21-storey residential building erected upon a 3-storey commercial podium plus one basement floor. New Kowloon Inland Lot Nos. 3715, 3956, 3957 and 3958 are held under various Government Leases all for term of 75 years, each renewable for 24 years commencing on 1 July 1898 and statutorily extended to 30 June 2047. Sections A, E and F of New Kowloon Inland Lot No. 3715 are held under Conditions of Exchange No. UB4754 for a term of 75 years renewable for 24 years commencing on 1 July 1898 and statutorily extended to 30 June 2047. The New Lot will be granted after the land exchange for a term of 50 years from the date of Conditions of Exchange. The Government Rent payable will be three percent of the rateable value per annum.	As at the Valuation Date, the existing buildings are enclosed for future demolition works.	HKD527,000,000 (51% attributable interest to the Group: HKD268,770,000) (Please refer to Note 8)

Notes:

1. The registered owner of the property is High Bond Limited.

2. The property is subject to various building orders and notices issued by the Building Authority under the Buildings Ordinance concerning about unauthorized building works, dangerous building and defective or insanitary drainage condition. As confirmed by the Group, the demolition work for the existing buildings is in progress, therefore, we consider that there will be no material impact to our valuation.

3. Pursuant to the Special Conditions of Conditions of Exchange No. UB4754 in respect of the property, it contains, *inter alia*, the following development covenants:

   "The lots shall not be used for industrial purposes and no factory building shall be erected thereon."

   "Not more than seven houses shall be erected on N.K.I.L. 3715;"

4. Pursuant to New Kowloon Inland Lot Nos. 3715, 3956, 3957 and 3958 in respect of the property, the Government Lease contains, *inter alia*, the following development covenants:

   "...the said Lessees will not use or allow to be used the said piece or parcel of ground or any part thereof or any building erected thereon or any part of such building for industrial purposes and will not erect or allow to be erected any factory building on the said piece or parcel of ground. AND will not erect or allow to be erected on the said piece or parcel of ground more than one house..."

5. Pursuant to a document dated 23 October 2015 from the Lands Department, the details of the proposed Land Exchange are as follow:

Area to be surrendered	:	847.51 square metres (about)
Area to be re-granted	:	847.51 square metres (about) (subject to survey)
Lease Term	:	50 years from the date of Conditions of Exchange
Premium	:	To be determined
Total Administrative Fee	:	To be determined
Total Legal Advisory and Conveyancing Office ("**LACO**") Fee	:	To be determined
Government Rent	:	3% of the rateable value from time to time of the new lot
User	:	Non-industrial (excluding godown, hotel and petrol filling station) purposes
Building Covenant	:	54 months from the date of the Conditions of Exchange
Total GFA	:	Not less than 4,577 square metres and not exceeding 7,627 square metres; of which the total GFA for private residential purposes shall not exceed 6,356 square metres
Height	:	No building or buildings erected or to be erected on the lot shall, except with prior written consent of the Director of Lands, exceed 100 metres above HKPD

6. As confirmed by the Group, the proposed land exchange is yet to complete subject to the progress of the removal of the building orders and notices, the demolition work and the assessment of premium. Therefore, the estimated total development cost is unavailable as at the Valuation Date.

7. The market value of the property as if completed as at the Valuation Date in accordance to the approved building plans provided by the Group, would be HKD1,354,000,000.

8. The market value of the property in existing state as at the Valuation Date at HKD527,000,000 was arrived by taking into consideration of the premium to be paid which was assessed by us at HKD132,000,000. The actual premium payable to the Government of Hong Kong SAR will be subject to the assessments to be calculated by the Lands Department.

VALUATION CERTIFICATE

Group III – Property interests held by the Group for trading in the United Kingdom

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 28 February 2017
7	Atlantic House, Tyndall Street, Cardiff, the United Kingdom, CF10 4PP	The property comprises a 5-stroey office building plus a basement floor for car parking erected upon a site of approximately 0.28 hectares completed in about 1990. The property is situated on Tyndall Street in the heart of Cardiff City Centre, adjacent to Capital Quarter and Callaghan Square, the prime office locations. St David's Shopping Centre and the prime retail core are just a few minutes' walk away. Atlantic House also located within the Cardiff Central Enterprise Zone with nearby occupiers including Eversheds, British Gas, HSBC, and Finance Wales. Atlantic House is divided into two portions, namely the Atlantic House East and Atlantic House West, accommodating 70 car parking spaces. As advised by the Group, the net internal floor area of the property is approximately 3,846 sq.m. or 41,399 sq.ft. The property is held under freehold interests.	Pursuant to the tenancy agreement provided by the Group, the property was leased for office purpose as stated in Notes 3 and 4.	HKD75,200,000 (100% attributable interest to the Group: HKD75,200,000)

Notes:

1. The registered owner of the property is Next Excel Limited.

2. The property is subject to a charge in favour of The Bank of East Asia Limited.

3. Pursuant to two sets of tenancy agreement provided by the Group, dated 31 May 2011 and 5 October 2012 respectively, entered into between Bailey Hodge Investments Limited (the former registered owner) (the "**Lessor**") and Capital Law LLP (the "**Lessee**"), the Atlantic House East was leased for a term expiring on 30 May 2026.

   Pursuant to two sets of rent review memorandum provided by the Group, both dated 13 September 2016, entered into between Next Excel Limited (the "**Lessor**") and Capital Law LLP (the "**Lessee**"), the total annual passing rent of Atlantic House East as at the Valuation Date was GBP273,674.

4. Pursuant to the tenancy agreement provided by the Group, dated 23 June 2015, entered into between Bailey Hodge Investments Limited (the former registered owner) (the "**Lessor**") and The University of South Wales (the "**Lessee**"), Atlantic House West was leased for a term of ten years commencing on 25 December 2016 at an annual passing rent of GBP155,456 for the first five years and GBP310,912 for the remaining five years.

The following is the text of a letter and a valuation certificate prepared for the purpose of incorporation in this circular received from Colliers International (Hong Kong) Limited, an independent valuer, in connection with its valuation as at 28 February 2017 of the Property to be acquired by the Group. Terms defined in this appendix applies to this appendix only.

Colliers International (Hong Kong) Ltd
Valuation & Advisory Services
Company Licence No: C-006052

Suite 5701 Central Plaza
18 Harbour Road Wanchai
Hong Kong

The Board of Directors
Winfull Group Holdings Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

28 April 2017

Dear Sirs,

INSTRUCTIONS, PURPOSE AND VALUATION DATE

We refer to your instructions for us to assess the Market Value of the property (the "Property") in Hong Kong to be acquired by Winfull Group Holdings Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group"). We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the Property as at 28 February 2017 (the "Valuation Date").

VALUATION STANDARDS

In the valuation of the Property, we have complied with the requirements set out in the Rules Governing the Listing of Securities on the Main Board issued by The Stock Exchange of Hong Kong Limited including but not limited to all the requirements set out in the provision of Chapter 5; and The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors effective from 1 January 2013.

VALUATION BASIS

Our valuation is made on the basis of Market Value, which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of deferred terms contracts, leasebacks, joint ventures, or any similar arrangements which would affect its value.

No allowances have been made in our valuation for any charges, mortgages or amounts owing neither on the Property nor for any expenses or taxes which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

As the Property is held under long term leasehold interest, we have assumed that the owner has free and uninterrupted rights to use the Property for the whole of the unexpired term of the land tenure.

We have assumed that the areas shown on the documents and/or official plans handed to us by the Group are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

VALUATION METHODOLOGY

We have adopted the Market Approach by making reference to comparable sale transactions as available in the relevant markets. Each comparable is analyzed and compared with the subject on the basis of its unit price and where there is a difference, the unit price is adjusted in order to arrive at the appropriate unit price for the subject.

SITE INSPECTION

We have inspected the exterior and, where possible, the interior of the Property. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Property are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

INFORMATION SOURCES

We have relied to a considerable extent on the information and documents provided by the Group, in particular but not limited to, the identification of the Property, the particulars of occupancy and all other relevant matters. We have no reason to doubt the truth and accuracy of the information provided by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect any material information has been withheld.

TITLE INVESTIGATION

We have made enquires and relevant searches at the Hong Kong Land Registry. However, we have not searched the original documents nor verified the existence of any amendments, which do not appear in the documents available to us. All documents have been used for reference only.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollar ("HKD").

The valuation certificate is attached hereto.

Yours faithfully,
For and on behalf of
Colliers International (Hong Kong) Ltd.

Kit Cheung	**Vincent Cheung**
BSc (Hons) MRICS MHKIS RPS(GP)	*BSc (Hons) MBA FRICS MHKIS RPS(GP)*
Director	*Deputy Managing Director*
Valuation & Advisory Services	Valuation & Advisory Services, Asia

Note: *Vincent Cheung holds a Master of Business Administration and he is a Registered Professional Surveyor with over 19 years' experiences in real estate industry and assets valuations sector. His experience on valuations covers Hong Kong, Macau, Taiwan, South Korea, Mainland China, Vietnam, Cambodia and other overseas countries. He is a fellow member of the Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors. He is one of the valuers on the "list of property valuers for undertaking valuation for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers" as well as a Registered Business Valuer of the Hong Kong Business Valuation Forum.*

Kit Cheung holds a Bachelor of Science in Surveying and he is a Registered Professional Surveyor with over 7 years' experiences in real estate industry and assets valuations sector. His experience on valuations covers Hong Kong, Macau, South Korea, Mainland China, Cambodia and other overseas countries. He is a member of the Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

VALUATION CERTIFICATE

Property to be Acquired by the Group in Hong Kong

Property	Description and Tenure	Particulars of Occupancy	Market Value as at 28 February 2017 *HKD*
6th Floor, "Nine Queen's Road Central", No. 9 Queen's Road Central, Hong Kong (500/23,086 shares of and in the subject lots)	The Property comprises an office floor on 6th Floor of a 36-storey (plus a single-storey basement) commercial building located in Central. As per the Occupation Permit No. H111/91, it was completed in about 1991. As at the Valuation Date, the building age of the Property is approximately 26 years old. As per our scale-off measurement of the approved building plan, the saleable area of the Property is approximately 11,371 square feet. The subject lots are held under Government Leases for a term of 999 years commencing from 16 November 1855 or 21 January 1857.	According to the information provided by the Group, the Property is currently subject to various tenancies at a total monthly rent of HKD922,525, with the latest expiry on 14 December 2019.	500,000,000 (Five Hundred Million) 100% interest to be attributable to the Group post-transaction: 500,000,000 (Five Hundred Million)

Notes:

1. The Property was inspected by Mr. Vincent Cheung *MHKIS FRICS RPS(GP)* on 28 February 2017.

2. The valuation of the Property was prepared by Mr. Kit Cheung *MHKIS MRICS RPS(GP)* and Mr. Vincent Cheung *MHKIS FRICS RPS(GP)*.

3. The details of the current land search records of the Property dated 28 February 2017 are summarized below:

Item	Details
Registered Owner:	Flexwood Limited by an assignment dated 16 April 2009, registered vide Memorial No. 09050501270166
Government Rent:	HKD97.47 per annum

Major Encumbrances:

- Deed of Variation of Lease Re ML 101 S.A, S.B, S.C R.P. & R.P. dated 27 July 1988, registered vide Memorial No. UB3788996
- Modification Letter Re ML 101 S.A, S.B, S.C R.P. & R.P. dated 18 September 1991, registered vide Memorial No. UB4998197
- Modification Letter Re ML 102 S.A R.P. dated 18 September 1991, registered vide Memorial No. UB4998198
- Modification Letter Re IL 514 R.P. dated 18 September 1991, registered vide Memorial No. UB4998199
- Deed of Mutual Covenant and Management Agreement in favour of HKL (Nine Queen's Road Central) Management Limited (as the Manager) dated 30 June 1993, registered vide Memorial No. UB5711938
- Mortgage in favour of Shanghai Commercial Bank Limited dated 5 November 2009, registered vide Memorial No. 09111901800296

4. The Property is situated within the following lots with a total site area of approximately 27,502 square feet, which are held under various Government Leases:

Subject Lot	Land Grant Document	Tenure
The Remaining Portion of Section A of Marine Lot No. 102	Government Lease	16 November 1855
Section C of Marine Lot No. 103	Government Lease	16 November 1855
The Remaining Portion of Marine Lot No. 101	Government Lease	16 November 1855
The Remaining Portion of Inland Lot No. 514	Government Lease	21 January 1857
Section A of Marine Lot No. 101	Government Lease	16 November 1855
Section B of Marine Lot No. 101	Government Lease	16 November 1855
The Remaining Portion of Section C of Marine Lot No. 101	Government Lease	16 November 1855

5. The Property falls within an area zoned as "Commercial" under Hong Kong Planning Area No. 4 – Approved Central District Outline Zoning Plan No. S/H4/16 approved on 1 November 2016.

6. According to our research, the average effective rent of Grade A office in Central by Q1 2017 was recorded at approximately HKD124 per square foot per month on net floor area basis, representing a year-on-year growth of 3.5%. The vacancy rate in the district was recorded at approximately 1.9% in the same period.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules and the Takeovers Code for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein misleading.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this circular (other than those relating to the Vendor and Virtue Partner) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by the Vendor and Virtue Partner) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

The Vendor (for himself and as the sole director of Virtue Partner) accepts full responsibility for the accuracy of the information in this circular (other than those relating to the Group) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this circular (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement contained in this circular misleading.

SHARE CAPITAL

The authorized and issued share capital of the Company as at the Latest Practicable Date was, and as a result of the allotment and issue of the Consideration Shares will be, as follows:

Authorized share capital:		*HK$*
10,000,000,000	Shares as at the Latest Practicable Date	100,000,000
Issued and fully paid share capital or credited as fully paid:		
3,138,500,000	Shares as at the Latest Practicable Date	31,385,000.00
2,409,625,668	Consideration Shares to be issued upon Completion	24,096,256.68
5,548,125,668	Total	55,481,256.68

The nominal value of the Shares and the Consideration Shares is HK$0.01 each. All the existing issued Shares rank pari passu in all respects including all rights as to dividends, voting and capital. The Consideration Shares to be issued upon Completion will rank pari passu in all respects with the existing Shares on the relevant date of allotment.

Since 30 June 2016, the date of which the latest audited financial statement of the Company was made up, and up to the Latest Practicable Date, the Company has not issued any Share.

As at the Latest Practicable Date, there are share options pursuant to which 98,360,000 Shares may be issued upon exercise of such share options. Save as disclosed above, the Company does not have any outstanding options, warrants or derivatives or other securities which are convertible into Shares as at the Latest Practicable Date.

MARKET PRICES

The table below shows the closing price of the Shares on the Stock Exchange on (i) the last trading day of the Stock Exchange for each calendar month during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	**Closing price per Share** *HK$*
30 September 2016	0.180
31 October 2016	0.180
30 November 2016	0.200
30 December 2016	0.178
27 January 2017	0.182
28 February 2017	0.188
Last Trading Day	0.184
31 March 2017	0.186
Latest Practicable Date	0.191

The highest and lowest closing prices of the Shares recorded on the Stock Exchange during the Relevant Period were HK$0.217 on 1 November 2016 and HK$0.174 on 26 October 2016 respectively.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**"), were as follows:

Long positions in the Shares and underlying shares of the Company

Name of Director	Number of issued Shares and underlying shares held	Position	Percentage of the issued share capital of the Company
Pong Wilson Wai San	60,000,000 *(Note 1)*	Long	1.91%
	2,416,953,668 *(Note 4)*	Long	77.01%
	936,794,000 *(Note 3)*	Long	29.85%
Lee Wing Yin	29,180,000 *(Note 1)*	Long	0.93%
Ngan Man Ho	248,000	Long	0.01%
	5,180,000 *(Note 1)*	Long	0.17%
Koo Fook Sun Louis	1,000,000 *(Note 2)*	Long	0.03%
Lai Hin Wing Henry	1,000,000 *(Note 2)*	Long	0.03%
Lung Hung Cheuk	1,000,000 *(Note 2)*	Long	0.03%
Yeung Wing Yan Wendy	1,000,000 *(Note 2)*	Long	0.03%

Notes:

1. These Shares represent the share options granted by the Company on 26 October 2012, 3 June 2014 and 17 May 2016 under the new share option scheme of the Company adopted on 1 November 2011.

2. These Shares represent the share options granted by the Company on 26 October 2012 under the new share option scheme of the Company adopted on 1 November 2011.

3. These Shares are beneficially owned by Virtue Partner, a company wholly owned by the Vendor and therefore the Vendor is deemed to be interested in these Shares under the SFO.

4. These Shares represents 7,328,000 Shares held by the Vendor as at the Latest Practicable Date and the Consideration Shares which the Vendor is deemed to be interested in under the SFO.

Long positions in the shares and underlying shares of the associated corporation

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) where were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long positions in the Shares and underlying shares of the Company

Name of Shareholder	Capacity	Number of issued Shares held	Position	Percentage of the issued share capital of the Company
Pong Wilson Wai San *(Note 1)*	Beneficial Owner	2,476,953,668	Long	78.92%
	Interest in controlled corporation	936,794,000	Long	29.85%
Tung Ching Yee Helena *(Note 2)*	Family Interest	3,413,747,668	Long	108.77%
Virtue Partner *(Note 1)*	Beneficial Owner	936,794,000	Long	29.85%

Notes:

1. 936,794,000 Shares are beneficially owned by Virtue Partner and therefore the Vendor is deemed to be interested in these Shares under the SFO. 2,476,953,668 Shares are personally owned by the Vendor of which 11,000,000, 22,600,000 and 26,400,000 Shares represents share options granted to him by the Company under the new share option scheme adopted by the Company on 1 November 2011 on 26 October 2012, 3 June 2014 and 17 May 2016 respectively and 2,416,953,668 Shares are the Consideration Shares which the Vendor is deemed to be interested in under the SFO.

2. Ms. Tung Ching Yee Helena is the wife of the Vendor and is accordingly deemed to be interested in the Shares beneficially owned by the Vendor in his own capacity and through his controlled corporation.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

ADDITIONAL DISCLOSURE OF SHAREHOLDING AND DEALINGS PURSUANT TO THE TAKEOVERS CODE

The shareholding of the Vendor, Virtue Partner and the parties acting in concert with them in the Company as at the Latest Practicable Date are set out in the letter from the Board and in the paragraph headed "Effect on Shareholding Structure of the Company" above.

None of the Vendor, Virtue Partner and any person acting in concert with him had dealt for value in any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) during the Relevant Period. As at the Latest Practicable Date, the Company had no shareholding interest or any relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) in Virtue Partner, nor had the Company dealt for value in any shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Virtue Partner.

Save as set out in the paragraphs headed "Directors' and Chief Executives' Interests in Shares and Underlying Shares" and "Substantial Shareholders' Interests in Shares and Underlying Shares" above, as at the Latest Practicable Date, none of the directors of Virtue Partner was interested in any securities of the Company nor had the directors of Virtue Partner dealt for value in any Shares or other securities of the Company during the Relevant Period, save for the Consideration Shares.

Save as set out in the paragraphs headed "Directors' and Chief Executives' Interests in Shares and Underlying Shares" and "Substantial Shareholders' Interests in Shares and Underlying Shares" above, as at the Latest Practicable Date, none of the Vendor, Virtue Partner and any person acting in concert with them owned or controlled any Shares or other securities of the Company. Save for the entering into of the Acquisition Agreement, none of the Vendor, Virtue Partner and any person acting in concert with him had dealt for value in relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) during the Relevant Period.

As at the Latest Practicable Date, none of the Vendor, Virtue Partner and any person acting in concert with him had any arrangement of the kind described in Note 8 to Rule 22 of the Takeovers Code with any person.

As at the Latest Practicable Date, save for the Acquisition Agreement and the transactions contemplated thereunder, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Vendor, Virtue Partner and any person acting in concert with them and any Director, recent Director, shareholder or recent shareholder of the Company which had any connection with or dependence upon the Acquisition or the Whitewash Wavier.

As at the Latest Practicable Date, save as disclosed in the paragraphs headed "Directors' and Chief Executives' Interests in Shares and Underlying Shares" and "Substantial Shareholders' Interests in Shares and Underlying Shares" above, none of the Directors was interested in any Shares or relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company and in any shares or other securities of Virtue Partner. During the Relevant Period, save for the Consideration Shares, none of the Directors had dealt for value in any Shares or relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company and in any shares or other securities of the Company.

As at the Latest Practicable Date, no shareholding in the Company was owned or controlled by a subsidiary of the Company or by a pension fund of any member of the Group or by Veda Capital and none of the advisers to the Company as specified in class (2) of the definition of associate in the Takeovers Code owned or had any interest in any Shares or other securities of the Company.

As at the Latest Practicable Date, no person had any arrangement of the kind as described to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and of the definition of associate under the Takeovers Code.

As at the Latest Practicable Date, no shareholding in the Company was managed on a discretionary basis by fund managers connected with the Company.

As at the Latest Practicable Date, no benefit would be given to any Director as compensation for loss of office or otherwise in connection with the Acquisition or the Whitewash Waiver.

As at the Latest Practicable Date, save for the Acquisition Agreement and the transactions contemplated thereunder, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Acquisition, the Whitewash Waiver or otherwise connected with any of them.

As at the Latest Practicable Date, save for the Acquisition Agreement, there was no material contracts which have been entered into by the Vendor or Virtue Partner and any person acting in concert with them in which any Director has any a material personal interest.

No Shares acquired by the Vendor and any person acting in concert with him in pursuance of the Acquisition will be transferred, charged or pledged to any other persons.

Save for the entering into of the Acquisition Agreement, none of the Vendor, Virtue Partner and any person acting in concert with him has acquired any Shares or had any dealings in the relevant securities of the Company (as defined under Note 4 to Rule 22 of the Takeovers Code) during the Relevant Period.

As at the Latest Practicable Date, there was no shareholding in the Company which the Vendor, Virtue Partner or any person acting in concert with them has borrowed or lent, and there were no dealings in the Shares or other securities of the Company by the Vendor, Virtue Partner or any person acting in concert with them has borrowed or lent the Shares or other securities of the Company during the Relevant Period.

As at the Latest Practicable Date, there was no shareholding in the Company which the Company or the Directors has/have borrowed or lent, and there were no dealings in the Shares or other securities of the Company by any person which the Company or the Directors has/have borrowed or lent the Shares or other securities in the Company during the Relevant Period.

The Vendor, Virtue Partner and the associates and any parties acting in concert with any of them, Mr. Ngan Man Ho and any other Shareholders who are involved or interested in the Acquisition Agreement and/or the Whitewash Waiver shall abstain from voting on the resolutions approving the Acquisition Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the EGM. As at the Latest Practicable Date, the other Directors did not have any Shares or relevant securities of the Company (as defined under note 4 to Rule 22 of the Takeover Code) and thus will not vote on the resolution approving the Whitewash Waiver at the EGM.

As at the Latest Practicable Date, there was no shareholding in the Company owned or controlled by any persons who, prior to the posting of this circular, have irrevocably committed themselves to vote for or against the Whitewash Waiver.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors had any existing or proposed service contract with the Enlarged Group or associated companies which: (i) has been entered into or amended within 6 months before the date of the Announcement, or (ii) is continuous contract with a notice period of 12 months or more, or (iii) is fixed term contract with more than 12 months to run irrespective of the notice period, or (iv) is not determinable by the employer within one year without payment of compensation (other than statutory compensation):

The Vendor has entered into a service agreement with the Company for an initial term of 36 months commencing from 17 May 2016 with a monthly emolument of HK$480,000 plus discretionary bonus to be decided by the Board; Mr. Lee Wing Yin has entered into a service agreement with the Company for a term of 36 months commencing from 1 June 2016, the monthly emolument was adjusted from HK$85,000 to HK$90,000 on

10 January 2017 plus discretionary bonus to be decided by the Board; and Mr Ngan Man Ho has entered into a service agreement with the Company for an initial term of 36 months commencing from 12 December 2014, the monthly emolument of this service agreement was adjusted from HK$67,080 to HK$70,000 on 10 January 2017 with discretionary bonus to be decided by the Board.

COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE ENLARGED GROUP

Save for the Acquisition Agreement and the transactions contemplated thereunder:

- None of the Directors has any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Enlarged Group since 30 June 2016, the date to which the latest published audited consolidated financial statements of the Group were made up; and

- There is no contract or arrangement entered into by any member of the Enlarged Group subsisting at the Latest Practicable Date in which any Director is materially interested and which is significant to the business of the Enlarged Group.

LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

MATERIAL CONTRACTS

The following material contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Enlarged Group within the two years immediately preceding the date of the Announcement (14 March 2017) up to and including the Latest Practicable Date.

(a) the Acquisition Agreement;

(b) the provisional sale and purchase agreement dated 18 April 2017 and entered into between Monilea Limited, a wholly-owned subsidiary of the Company and Winkit Development Limited in relation to the sale and purchase of 15th Floor, Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong;

(c) the formal sale and purchase agreement dated 6 April 2017 and entered into between Sonic Returns Limited, a wholly-owned subsidiary of the Company and Mr. Cheung Siu Wing in relation to the sale and purchase of Office 1 on 29th Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong;

(d) the formal sale and purchase agreement dated 6 April 2017 and entered into between Enviro Global Limited, a wholly-owned subsidiary of the Company and Best Tact Development Limited in relation to the sale and purchase of Office 2 on 29th Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong;

(e) the formal sale and purchase agreement dated 6 April 2017 and entered into between Double Achiever Limited, a wholly-owned subsidiary of the Company and Mr. Cheung Siu Wing in relation to the sale and purchase of Carpark 6 on 2nd Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong;

(f) the provisional sale and purchase agreement dated 1 April 2017 and entered into among Joy Shing Development Limited (a wholly-owned subsidiary of the Company) and Apex Step Holdings Limited as vendors, and Multi Fun Limited and the Multi Fun Limited's sole shareholder and directors as guarantors in relation to the sale and purchase of the entire issued share capital and all outstanding shareholders' loan of Apex Plan Limited;

(g) the formal sale and purchase agreement dated 30 March 2017 and entered into between Celestial Tower Limited, a wholly-owned subsidiary of the Company and Lerado H.K. Limited in relation to the sale and purchase of Office 1 on 30th Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong;

(h) the formal sale and purchase agreement dated 30 March 2017 and entered into between Just Central Limited, a wholly-owned subsidiary of the Company and Lerado H.K. Limited in relation to the sale and purchase of Office 2 on 30th Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong;

(i) the formal sale and purchase agreement dated 30 March 2017 and entered into between Coastal Talent Limited, a wholly-owned subsidiary of the Company and Lerado H.K. Limited in relation to the sale and purchase of Office 3 on 30th Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong;

(j) placing agreement dated 13 May 2016 and entered into by the Company as disclosed in the announcement of the Company dated 15 May 2016;

(k) the provisional sale and purchase agreement dated 15 September 2015 and entered into between Formal Focus Limited, a wholly-owned subsidiary of the Company and Waylon Limited in relation to the sale and purchase of 4th Floor, Kenning Industrial Building, 19 Wang Hoi Road, Kowloon Bay, Kowloon;

(l) the sale and purchase agreement dated 28 July 2015 and entered into between Achiever Connect Limited, a wholly-owned subsidiary of the Company and Well Master Development Limited in relation to the sale and purchase of Shop No. 2 on Ground Floor and Shop No. 3 on Lower Ground 1st Floor of Grand Scholar, No. 419K Queen's Road West, Hong Kong; and

(m) placing agreement dated 21 July 2015 and entered into by the Company as disclosed in the announcement of the Company dated 21 July 2015.

EXPERTS AND CONSENTS

The following are the names and qualifications of the experts who have given its opinions and advice which are included in this circular:

Name	Qualification
BDO Limited	Certified Public Accountants
Colliers International (Hong Kong) Limited	Independent Professional Valuer
Ascent Partners Valuation Service Limited	Independent Professional Valuer
Veda Capital Limited	a licensed corporation under the SFO to conduct type 6 (advising on corporate finance) regulated activity as defined under the SFO

None of the experts above has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the experts above has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

None of the experts above had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Enlarged Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Enlarged Group since 30 June 2016, the date to which the latest published audited financial statements of the Group were made up.

MISCELLANEOUS

The address of the Vendor in Hong Kong is Unit A, 6/F., 9 Queen's Road Central, Hong Kong.

The registered address of Virtue Partner is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. Virtue Partner is 100% beneficially owned by the Vendor and the director of Virtue Partner is the Vendor.

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at Unit A, 6/F., 9 Queen's Road Central, Hong Kong.

The secretary of the Company is Mr. Lee Wing Yin, is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants.

The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The registered address of Veda Capital is situated at Room 1106, 11/F, Wing On Centre, 111 Connaught Road Central, Hong Kong.

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 10:00 a.m. to 12:30 p.m. and from 2:30 p.m. to 5:00 p.m. at (i) the head office of the Company at Unit A, 6/F., 9 Queen's Road Central, Hong Kong; (ii) on the website of the SFC (http://www.sfc.hk/); and (iii) on the website of the Company (http://www.winfullgroup.hk/) during the period from the date of this circular up to the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the letter from the Connected Transaction Independent Board Committee containing its advice to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Connected Transaction Independent Board Committee" in this circular;

(c) the letter from the Whitewash Independent Board Committee containing its advice to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Whitewash Independent Board Committee" in this circular;

(d) the letter from Veda Capital containing its advice to the Connected Transaction Independent Board Committees, the Whitewash Independent Board Committees and the Independent Shareholders, the text of which is set out in the section headed "Letter from Veda Capital" in this circular;

(e) the annual reports of the Company for each of the two years ended 30 June 2016;

(f) the interim report of the Company for the six months ended 31 December 2016;

(g) the accountants' report on the Target Company, the text of which is set out in Appendix II to this circular;

(h) the accountants' report in respect of the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

(i) the independent valuation report from Ascent Partners Valuation Service Limited in relation to the valuation of the property interests held by the Group, the text of which is set out in Appendix IV to this circular;

(j) the independent valuation report from Colliers International (Hong Kong) Limited in relation to the valuation of the Property, the text of which is set out in Appendix V to this circular;

(k) the letters of consent referred to under the paragraph headed "Experts and Consents" in this appendix;

(l) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix; and

(m) this circular.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Winfull Group Holdings Limited (the "**Company**") will be held at 7/F, Wheelock House, 20 Pedder Street, Central, Hong Kong on Wednesday, 17 May 2017 at 9:30 a.m. for the purposes of considering and, if thought fit, passing the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**:

   (a) the sale and purchase agreement (the "**Sale and Purchase Agreement**") entered into between the Company, Alpha Easy Limited and Mr. Pong Wilson Wai San (the "**Vendor**") dated 14 March 2017 in relation to the acquisition (the "**Acquisition**") of the entire issued share capital of, and the debts due by Flexwood Limited at a consideration of HK$450,600,000, a copy of the Sale and Purchase Agreement having been produced to the EGM and marked "A" and initialed by the chairman of the EGM for the purpose of identification, and the transactions contemplated thereby be and are hereby approved, confirmed and ratified;

   (b) the allotment and issue of 2,409,625,668 (the "**Consideration Shares**") new shares of HK$0.01 each (each a "**Share**") in the capital of the Company at HK$0.187 per Share to the Vendor (or its nominee(s)), credited as fully paid, to satisfy the consideration for the Acquisition be and are hereby approved; and

   (c) any one or more directors (the "**Directors**") of the Company be and are hereby authorised to allot and issue the Consideration Shares in accordance with the terms of the Sale and Purchase Agreement and to do all such acts and things as he/she/they consider(s) necessary or expedient for the purpose of giving effect to the Sale and Purchase Agreement and completing the transactions contemplated thereby."

2. "**THAT** conditional upon the passing of resolution no. 1 above, the application for the waiver granted or to be granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission to the Vendor pursuant to Note 1 on Dispensations from Rule 26 of the Code on Takeovers and Mergers of Hong Kong from his obligation to make a general offer for all the Shares not already owned or agreed to be acquired by the Vendor and parties acting in concert with him as a result of the issue of the Consideration Shares pursuant to the Sale and Purchase Agreement be and are hereby approved."

By order of the Board
Winfull Group Holdings Limited
Lee Wing Ying
Executive Director

Hong Kong, 28 April 2017

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

Principal Place of Business in Hong Kong:
Unit A, 6/F.
9 Queen's Road Central
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead in accordance with the Company's articles of association. A proxy need not be a member of the Company.

2. For the purpose of ascertaining shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 12 May 2017 to Wednesday, 17 May 2017, both days inclusive, and no transfers of the shares of the Company will be effected during such period. In order to be entitled to attend and vote at the EGM, all transfers of Shares, duly accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Thursday, 11 May 2017.

3. A form of proxy for use at the EGM is enclosed herewith. To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy thereof must be deposited at the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 48 hours (i.e. 9:30 a.m. on Monday, 15 May 2017) before the time appointed for holding that EGM or any adjournment thereof, as the case may be. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.

4. Where there are joint registered holders of any share, any one of such persons may vote at the EGM, either in person or by proxy, in respect of such share as if he was solely entitled thereto; but if more than one of such joint holders are present at the EGM in person or by proxy, that one of the said persons so present whose name stands first on the register of member of the Company in respect of such share shall alone be entitled to vote in respect thereof.

5. The voting on all the resolutions at the EGM will be conducted by way of a poll.