



WINFULL GROUP HOLDINGS LIMITED

宏輝集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號: 00183

2019/20

INTERIM REPORT

中期報告



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Pong Wilson Wai San (*Chairman*)

Lee Wing Yin (*Chief Executive Officer*)

Non-Executive Director

Lai Hin Wing Henry

Independent Non-Executive Directors

Koo Fook Sun Louis

Lung Hung Cheuk

Yeung Wing Yan Wendy

COMPLIANCE OFFICER

Lee Wing Yin

COMPANY SECRETARY

Lee Wing Yin

AUDIT COMMITTEE

Koo Fook Sun Louis (*Chairman*)

Lung Hung Cheuk

Yeung Wing Yan Wendy

REMUNERATION COMMITTEE

Lung Hung Cheuk (*Chairman*)

Pong Wilson Wai San

Koo Fook Sun Louis

Yeung Wing Yan Wendy

NOMINATION COMMITTEE

Yeung Wing Yan Wendy (*Chairwoman*)

Pong Wilson Wai San

Koo Fook Sun Louis

Lung Hung Cheuk

AUTHORISED REPRESENTATIVES

Pong Wilson Wai San

Lee Wing Yin

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Central

Hong Kong

COMPANY HOMEPAGE

www.winfullgroup.hk

REGISTERED OFFICE

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Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited

Clifton House

75 Fort Street

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

AUDITOR

BDO Limited

Certified Public Accountants

STOCK CODE

183

INTERIM RESULTS

The board of directors (the “Director(s)”) (the “Board”) of Winfull Group Holdings Limited (the “Company”) herein presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 December 2019 (the “Period”) together with the comparative unaudited figures for the corresponding period in 2018 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2019

	Notes	Six months ended 31 December	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	5	18,781	13,103
Cost of sales		(5,165)	(527)
Gross profit		13,616	12,576
Other income	5	18,731	11,515
Administrative expenses and other operating expenses		(12,142)	(19,352)
Reclassified from equity to profit or loss on disposals of debt instruments at FVOCI		(335)	(2,540)
Fair value loss on debt instruments at FVTPL		(44)	–
Fair value loss on financial instruments at FVTPL		(3,862)	–
Fair value (loss)/gain on investment properties		(31,201)	12,807
Impairment of properties held for trading		(25,355)	–
Gain on disposal of a subsidiary		–	9,055
Finance costs		(1,987)	(1,426)
(Loss)/Profit before income tax	6	(42,579)	22,635
Income tax expense	7	(1,738)	(797)
(Loss)/Profit for the period		(44,317)	21,838
(Loss)/Profit for the period attributable to:			
Owners of the Company		(43,794)	21,798
Non-controlling interests		(523)	40
		(44,317)	21,838
(Loss)/Profit per share for profit attributable to owners of the Company for the period			
Basic and diluted	9	HK(0.79) cent	HK0.39 cent

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2019

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
(Loss)/Profit for the period	(44,317)	21,838
Other comprehensive income		
Item that will not be reclassified to profit or loss:		
Changes in fair value of equity instruments at FVOCI	715	2,400
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of debt instruments at FVOCI	2,604	(829)
Reclassified from equity to profit or loss on disposals of debt instruments at FVOCI	–	2,540
Exchange differences arising on translation of foreign operations	51	2,708
Other comprehensive income for the period, net of tax	3,370	6,819
Total comprehensive income for the period	(40,947)	28,657
Total comprehensive income for the period attributable to:		
Owners of the Company	(40,424)	28,617
Non-controlling interests	(523)	40
	(40,947)	28,657

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

Notes	At 31 December 2019 HK\$'000 (Unaudited)	At 30 June 2019 HK\$'000 (Audited)
ASSETS AND LIABILITIES		
Non-current assets		
	98,942	97,230
	1,027,577	1,006,668
10	37,072	9,145
10	380,392	288,267
10	59,971	71,194
12	50,863	11,922
	–	3,572
	–	3,482
	–	20,399
	1,654,817	1,511,879
Current assets		
	99,700	160,939
	20,467	15,406
11	254	1,579
	8,947	8,337
12	49,188	31,888
10	11,727	15,680
	181,088	314,412
	178,986	126,729
	550,357	674,970

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(cont'd)

As at 31 December 2019

Notes	At 31 December 2019 HK\$'000 (Unaudited)	At 30 June 2019 HK\$'000 (Audited)
Current liabilities		
Accrued expenses, other payables and deposits received	14,548	10,095
Borrowings	211,472	156,658
Amounts due to non-controlling shareholders	17,869	17,869
Provision for income tax	26,531	25,136
	270,420	209,758
Net current assets	279,937	465,212
Total assets less current liabilities	1,934,754	1,977,091
Non-current liabilities		
Borrowings	15,297	16,687
Deferred tax liabilities	9,998	9,998
	25,295	26,685
Net assets	1,909,459	1,950,406
EQUITY		
Share capital	55,481	55,481
Reserves	1,855,386	1,895,810
	1,910,867	1,951,291
Equity attributable to owners of the Company	1,910,867	1,951,291
Non-controlling interests	(1,408)	(885)
Total equity	1,909,459	1,950,406

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2019

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Net cash generated from/(used in) operating activities	3,182	(36,626)
Net cash generated from investing activities	79,164	8,966
Net cash generated from financing activities	53,423	17,683
Net increase/(decrease) in cash and cash equivalents	135,769	(9,977)
Cash and cash equivalents at beginning of period	45,268	302,291
Effect of foreign exchange rate change	51	2,708
Cash and cash equivalents at end of period	181,088	295,022
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	94,890	37,748
Short-term deposits	86,198	257,274
	181,088	295,022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019

	Equity attributable to owners of the Company											
										Non-		Total
	Share	Share	Translation	Share-based	Revaluation	Other	Proposed	Retained	Total	controlling	equity	
	capital	premium	reserve	payment	reserve	reserve	final	profits	HK\$'000	interests		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
At 1 July 2018	55,481	1,568,267	50	8,728	1,581	1,380	10,000	261,480	1,906,967	(988)	1,905,979	
Initial application of HKFRS 9 (note 3)	-	-	-	-	2,125	-	-	-	2,125	-	2,125	
Restated balance at 1 July 2018	55,481	1,568,267	50	8,728	3,706	1,380	10,000	261,480	1,909,092	(988)	1,908,104	
Equity-settled share-based payment	-	-	-	2,961	-	-	-	-	2,961	-	2,961	
Lapse of share options	-	-	-	(444)	-	-	-	444	-	-	-	
Transaction with owners	-	-	-	2,517	-	-	-	444	2,961	-	2,961	
Profit for the period	-	-	-	-	-	-	-	21,798	21,798	40	21,838	
Other comprehensive income:												
Change in fair value of equity instruments at FVOCI	-	-	-	-	2,400	-	-	-	2,400	-	2,400	
Change in fair value of debts instruments at fair FVOCI	-	-	-	-	(829)	-	-	-	(829)	-	(829)	
Reclassified from equity to profit or loss on disposals of debt instruments at FVOCI	-	-	-	-	2,540	-	-	-	2,540	-	2,540	
Exchange differences arising on translation of foreign operations	-	-	2,708	-	-	-	-	-	2,708	-	2,708	
Total comprehensive income for the period	-	-	2,708	-	4,111	-	-	21,798	28,617	40	28,657	
At 31 December 2018	55,481	1,568,267	2,758	11,245	7,817	1,380	10,000	283,722	1,940,670	(948)	1,939,722	

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)

For the six months ended 31 December 2019

	Equity attributable to owners of the Company											Total equity	
	Share capital	Share premium	Translation reserve	Share-based			FVOCI reserve	Proposed		Retained profits	Total		Non-controlling interests
				payment reserve	Revaluation reserve	Other reserve		final dividend					
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 July 2019	55,481	1,568,267	2,717	11,245	-	174	1,380	-	312,027	1,951,291	(885)	1,950,406	
Loss for the period	-	-	-	-	-	-	-	-	(43,794)	(43,794)	(523)	(44,317)	
Other comprehensive income:													
Changes in fair value of equity instruments at FVOCI (note 10)	-	-	-	-	-	715	-	-	-	715	-	715	
Changes in fair value of debts instruments at FVOCI (note 10)	-	-	-	-	-	2,604	-	-	-	2,604	-	2,604	
Exchange differences arising on translation of foreign operations	-	-	51	-	-	-	-	-	-	51	-	51	
Total comprehensive income for the period	-	-	51	-	-	3,319	-	-	(43,794)	(40,424)	(523)	(40,947)	
At 31 December 2019	55,481	1,568,267	2,768	11,245	-	3,493	1,380	-	268,233	1,910,867	(1,408)	1,909,459	

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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Winfull Group Holdings Limited (the “Company”) is an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, 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 securities investment and trading. Apart from the new principal segment of business for investment and trading in securities, there were no significant changes in the Group’s operations during the period.

These condensed consolidated interim financial statements are unaudited, but have been reviewed by the audit committee of the Company and approved for issue by the board of directors (the “Board”) of the Company on 28 February 2020.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2019 (the “Condensed Financial Report”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

This Condensed Financial Report do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the 2019 Annual Financial Statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

2. BASIS OF PREPARATION *(cont'd)*

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 2019 Annual Financial Statements.

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

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

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

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

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	Annual Improvements to HKFRSs 2015-2017 Cycle

The application of these new or amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

4. SEGMENT INFORMATION

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

The Group has identified the following reportable segments:

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

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

The measurement policies the Group used for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that reclassified from equity to profit or loss on significant change in fair value of financial assets at FVTPL and disposals of debt instruments at FVOCI, certain interest income, dividend income, share of results of associates and a joint venture, net exchange loss/gain, equity-settled share-based payments, income tax expense and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

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.

4. SEGMENT INFORMATION (cont'd)

There was no inter-segment sale and transfer during the period (six months ended 31 December 2018: Nil).

	Six months ended 31 December 2019 (Unaudited)					
	Property Development Business	Property Investment and Trading Business	Renovation Business	Securities Investment and Trading Business	Money Lending Business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue:						
From external customers	-	13,950	-	4,024	807	18,781
Reportable segment profit/(loss)	(18,159)	(38,626)	(1)	521	595	(55,670)
Reportable segment assets	70,825	1,272,559	8	17,500	27,930	1,388,822

	Six months ended 31 December 2018 (Unaudited)					
	Property Development Business	Property Investment and Trading Business	Renovation Business	Securities Investment and Trading Business	Money Lending Business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue:						
From external customers	-	12,915	-	-	188	13,103
Reportable segment profit/(loss)	(4)	32,358	(4)	(14)	127	32,463
Reportable segment assets	14,389	1,264,436	852	11,640	5,116	1,296,433

4. SEGMENT INFORMATION *(cont'd)*

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

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue		
Reportable segment revenue	18,781	13,103
Consolidated revenue	18,781	13,103
Profit before income tax		
Reportable segment profit	(55,670)	32,463
Reclassified from equity to profit or loss on disposals of debt instruments at FVOCI	(335)	(2,540)
Fair value loss on financial instruments at FVTPL	14,137	–
Interest income	9,088	8,895
Dividend income	568	520
Exchange losses, net	(299)	(2,060)
Equity-settled share-based payments	–	(2,961)
Corporate salaries and allowances	(5,749)	(5,082)
Corporate professional fees	(456)	(3,929)
Depreciation on corporate property, plant and equipment	(741)	(545)
Unallocated corporate income	338	331
Unallocated corporate expenses	(3,460)	(2,457)
Consolidated (loss)/profit before income tax	(42,579)	22,635

4. SEGMENT INFORMATION (cont'd)

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

	Revenue from external customer		Non-current assets	
	31 December 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Audited)
Hong Kong	16,306	10,103	1,532,740	1,411,811
United Kingdom	2,101	3,000	85,225	80,954
Japan	374	–	36,852	19,114
	18,781	13,103	1,654,817	1,511,879

5. 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	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue		
Rental income from investment properties	13,950	12,915
Sale of securities	4,024	–
Interest income from money lending	807	188
	18,781	13,103
Other income		
Interest income	9,088	8,898
Dividend income	568	520
Rental income from properties held for trading and properties under development	1,222	1,694
Compensation received for surrender of lease (note)	7,341	–
Sundry income	512	403
	18,731	11,515

Note: During the period, a tenant of our property in the UK has surrendered the lease and paid a compensation to the Group for dilapidation.

6. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Depreciation	1,861	1,668
Directors' remuneration	4,046	4,183
Exchange losses, net	299	2,060

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 31 December 2018: 16.5%) on the estimated assessable profit arising in Hong Kong for the current period.

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

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2019 (six months ended 31 December 2018: Nil).

9. (LOSS)/PROFIT PER SHARE

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

	Six months ended 31 December	
	2019 (Unaudited)	2018 (Unaudited)
(Loss)/Profit for the period, attributable to owners of the Company (HK\$'000)	(43,794)	21,798
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	5,548,126	5,548,126

There were no diluted potential ordinary shares for the six months ended 31 December 2019 and 2018 as the outstanding share options were out of the money for the purpose of the diluted (loss)/earnings per share calculation.

10. OTHER FINANCIAL ASSETS

	Measured at FVOCI		Measured at FVTPL	
	At 31 December 2019 (Unaudited) HK\$'000	At 30 June 2019 (Audited) HK\$'000	At 31 December 2019 (Unaudited) HK\$'000	At 30 June 2019 (Audited) HK\$'000
Non-current				
Equity instruments:				
– Listed in Hong Kong (note)	9,228	9,145	–	–
– Listed outside Hong Kong (note)	27,844	–	–	–
	37,072	9,145	–	–
Financial instruments				
– Unlisted in Hong Kong	–	–	50,000	–
– Unlisted outside Hong Kong	–	–	89,680	90,055
– Unlisted investment funds	–	–	240,712	198,212
	–	–	380,392	288,267
Debt instruments				
– Listed in Hong Kong	42,086	28,980	–	–
– Listed outside Hong Kong	17,885	42,214	–	–
	59,971	71,194	–	–
	97,043	80,339	380,392	288,267
Current				
Debt instruments:				
– Listed in Hong Kong	–	–	3,844	7,844
– Listed outside Hong Kong	–	–	7,883	7,836
	–	–	11,727	15,680

10. OTHER FINANCIAL ASSETS (cont'd)

Movements in other financial assets are summarised as follows:

	Equity instruments at FVOCI		Debt instruments at FVOCI		Debt instruments at FVTPL		Financial instruments at FVTPL	
	At 31 December 2019 (Unaudited) HK\$'000	At 30 June 2019 (Audited) HK\$'000						
Net carrying amount at beginning of the period/year	9,145	15,430	71,194	104,348	15,680	-	288,267	128,647
Additions	27,212	-	15,122	26,933	-	29,454	95,987	168,011
Disposals	-	(5,390)	(28,949)	(62,142)	(3,909)	(14,362)	-	(10,722)
Changes in fair value credited to profit and loss	-	-	-	-	(44)	587	(3,862)	4,083
Changes in fair value (debited)/credited to FVOCI reserve	715	(895)	2,604	2,055	-	-	-	-
Exchange difference	-	-	-	-	-	1	-	(1,752)
Net carrying amount at end of the period/year	37,072	9,145	59,971	71,194	11,727	15,680	380,392	288,267

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

Listed equity instruments, listed debts instruments and unlisted investment funds with carrying amounts of HK\$37,072,000 (30 June 2019: HK\$9,145,000), HK\$71,698,000 (30 June 2019: HK\$86,874,000) and HK\$98,306,000 (30 June 2019: HK\$74,557,000) respectively are measured at fair value which has been determined directly by reference to published price and quotations in active markets (30 June 2019: same).

Unlisted equity instruments and unlisted investment funds with carrying amounts of HK\$139,680,000 (30 June 2019: HK\$90,055,000) and HK\$142,406,000 (30 June 2019: HK\$123,655,000) respectively are measured at fair value which has been determined by reference to the fair values of the underlying assets and liabilities of each instruments (30 June 2019: same).

10. OTHER FINANCIAL ASSETS (cont'd)

As at 31 December 2019 and 30 June 2019, debt instruments measured at FVOCI were determined to be impaired are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2019. During the Period, no impairment on these investments was recognised in profit or loss.

11. TRADE RECEIVABLES

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

Based on the invoice dates, all trade receivable as at 31 December 2019 and 30 June 2019 were aged within 90 days.

12. LOAN RECEIVABLES

	31 December 2019 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Audited)
Loan receivables	100,051	43,810
Reconciliation to the condensed consolidated statement of financial position:		
Non-current	50,863	11,922
Current	49,188	31,888
	100,051	43,810

Notes:

- (a) The balances are interest-bearing at 7.75% to 14.5% per annum and are repayable in 2020 and 2021 respectively. These loan receivables are secured by the borrowers' properties and shares of one of borrower's holding company.
- (b) The balances are neither past due nor impaired. Management believes that no impairments is necessary having regard to the creditworthiness of the borrowers and the value of the collateral.

13. SHARE CAPITAL

	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 2019 and 31 December 2019	5,548,125,668	55,481

14. MATERIAL RELATED PARTY TRANSACTIONS

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

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Professional fees paid to a related company in which one director of the Company is a partner	–	302
Rental Income on investment properties, received from a related company owned by one of the substantial shareholders of the Company	276	253

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	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Short-term employee benefits	4,046	4,183

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table presents financial assets measured at fair value in the condensed consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

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

	Notes	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
31 December 2019					
Assets:					
Equity instruments at FVOCI					
– Listed equity securities	(a)	37,072	–	–	37,072
Debt instruments at FVOCI					
– Listed debts investments	(a)	59,971	–	–	59,971
Debt instruments at FVTPL					
– Listed debt instruments	(a)	11,727	–	–	11,727
Financial instruments at FVTPL					
– Unlisted equity instruments	(b)	–	–	139,680	139,680
– Unlisted investment funds	(c)	–	98,306	142,406	240,712
Total and net fair values		108,770	98,306	282,086	489,162

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

	Notes	Level 1 HK\$'000 (Audited)	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)	Total HK\$'000 (Audited)
30 June 2019					
Assets:					
Equity instruments at FVOCI					
– Listed equity securities	(a)	9,145	–	–	9,145
Debt instruments at FVOCI					
– Listed debts investments	(a)	71,194	–	–	71,194
Debt instruments at FVTPL					
– Listed debt instruments	(a)	15,680	–	–	15,680
Financial instruments at FVTPL					
– Unlisted equity instruments	(b)	–	–	90,055	90,055
– Unlisted investment funds	(c)	–	74,557	123,655	198,212
Total and net fair values		96,019	74,557	213,710	384,286

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

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

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

(a) Listed equity securities and listed debts investments

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

(b) Unlisted equity instruments

The unlisted equity instruments are denominated in US\$ and GBP. Fair values have been determined based on asset-based approach as their major assets are properties held to earn rentals or for capital appreciation or both and the investee does not have sufficient earning history to support the use of other approaches. The value of these properties is adjusted to their fair value at the end of each reporting period for the purpose of determining the Group's share of adjusted net asset value and fair value of the investments.

(c) Unlisted investment funds

The unlisted investment funds are denominated in US\$ and EURO. Fair values of unlisted investment funds included in Level 2 have been determined based on observable market prices which are sourced from broker quotes as provided by financial institutions. Most significant inputs are observable market data including historical trading prices. For fair values of unlisted investment funds included in Level 3 have been determined based on asset-based approach as their major assets are held for capital appreciation and the investee does not have sufficient earning history to support the use of other approaches. The value of the assets is adjusted to their fair value at the end of each reporting period for the purpose of determining the Group's share of adjusted net asset value and fair value of the investments.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (six months ended 31 December 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group was principally engaged in property investment and trading, property development and securities investment and trading.

During the Period, the Group was engaged in one property development project in the United Kingdom (“UK”). The Group has ten potential investment properties, which are commercial and industrial properties located in Hong Kong, UK, and Japan, and one trading property, which is a commercial property in Hong Kong.

Hong Kong’s economy contracted for the Period. The local social incidents took a heavy toll on various sectors, dealing a very severe blow to an economy which had already been weakened by a synchronized global economic slowdown and escalated US-Mainland trade tensions. Domestic demand worsened significantly. The labour market showed signs of easing as economic conditions worsened, while consumer price inflation went up further in the Period. The local stock market underwent a sharp correction during the Period and the decline in overall investment expenditure steepened.

The residential property market softened further during the Period as sentiment was dampened by the prolonged local social incidents, escalated US-Mainland trade tensions and weaker global economy. Trading activities slowed down visibly. The commercial and industrial property markets also turned quieter for the Period. Both trading and leasing activities fell markedly for all major market segments. Prices decreased during the Period, while rental exhibited diverse movements. Affected by the sharp deterioration in retail sales for the Period, prices of retail shop space and rental were also declined.

FINANCIAL REVIEW

For the Period, the Group recorded a turnover of approximately HK\$18,781,000, representing an increase of approximately 43.3% comparing with that of approximately HK\$13,103,000 for the corresponding period of last financial year. The increase in turnover was mainly attributed to the increase in turnover for the rental income from investment properties and for securities trading.

Loss before income tax of the Group for the Period was approximately HK\$42,579,000, while there is a profit before income tax of approximately HK\$22,635,000 for the corresponding period of last financial year. The loss for the Period was mainly attributable to the fair value loss of investment properties and impairment of properties held for trading for the Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2019, the Group had net current assets of approximately HK\$279,937,000 (30 June 2019: approximately HK\$465,212,000), including cash and bank balances of approximately HK\$181,088,000 (30 June 2019: approximately HK\$314,412,000).

The gearing ratio was approximately 10.3% as at 31 December 2019 (30 June 2019: approximately 7.9%). The gearing ratio is derived by dividing the total of borrowings by total assets. The gearing ratio has increased for the Period when compared to 30 June 2019 due to the new foreign currency bank loan for new overseas investments.

During the Period, the Group financed its operations with its own working capital and bank borrowings. As at 31 December 2019, the unsecured and secured bank borrowing of the Group was approximately HK\$226,769,000 (30 June 2019: approximately HK\$173,345,000), in which approximately HK\$179,278,000 (30 June 2019: approximately HK\$126,137,000) were repayable within a period of not exceeding 5 years and approximately HK\$47,491,000 (30 June 2019: approximately HK\$47,208,000) were repayable beyond 5 years, and there was no other borrowing (30 June 2019: Nil).

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

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

	Cost as at 31 December 2019 HK\$'000	Carrying amount as at 31 December 2019 HK\$'000	Outstanding commitment as at 31 December 2019 HK\$'000	Total of carrying amount and outstanding commitment as at 31 December 2019 HK\$'000	Gain/(loss) in fair value during the Period HK\$'000	Gain/(loss) on disposal during the Period HK\$'000	Dividends/ interests received during the Period HK\$'000
<i>NON-CURRENT</i>							
Equity instruments at fair value through other comprehensive income							
Listed equity securities – Hong Kong	9,124	9,228	–	9,228	84	–	361
Listed equity securities – outside Hong Kong	27,213	27,844	–	27,844	631	–	–
	36,337	37,072	–	37,072	715	–	361
Unlisted equity investment – Hong Kong	67,999	50,000	–	50,000	(17,999)	–	–
Unlisted equity investment – outside Hong Kong	94,041	89,680	26,237	115,917	(3,524)	–	–
Unlisted investment fund	211,668	240,712	81,087	321,799	17,661	–	207
	373,708	380,392	107,324	487,716	(3,862)	–	207
Debt instruments at fair value through other comprehensive income							
Listed debts investments – Hong Kong	40,326	42,086	–	42,086	1,834	39	665
Listed debts investments – outside Hong Kong	17,941	17,885	–	17,885	255	(374)	571
	58,267	59,971	–	59,971	2,089	(335)	1,236
	468,312	477,435	107,324	584,759	(1,058)	(335)	1,804
<i>CURRENT</i>							
Financial assets at fair value through profit or loss							
Listed debts investments – Hong Kong	3,695	3,844	–	3,695	(91)	–	102
Listed debts investments – outside Hong Kong	7,489	7,883	–	7,489	47	–	237
	11,184	11,727	–	11,727	(44)	–	339
	479,496	489,162	107,324	596,486	(1,102)	(335)	2,143

The total size of carrying amount and outstanding commitment for each of those investments as at 31 December 2019 represents approximately 0.01% to 2.27% of the total assets of the Group as at 31 December 2019. It is the strategy of the Group to seek any opportunistic investments to enhance the yield of the surplus cash held by the Group on medium and long-term basis.

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

PLEDGE OF ASSETS

As at 31 December 2019, the leasehold properties and certain investment properties with carrying value of approximately HK\$83,220,000 and approximately HK\$955,824,000 (30 June 2019: approximately HK\$84,096,000 and approximately HK\$548,654,000) respectively and bank deposits of approximately HK\$178,986,000 (30 June 2019: approximately HK\$126,729,000) were pledged to secure bank borrowings for the Group.

CONTINGENT LIABILITIES

As at 31 December 2019, the Company has no guarantees (30 June 2019: Nil).

LEASE AND CONTRACTED COMMITMENTS

As Lessee

As at 31 December 2019, there was no future minimum lease payment under non-cancellable operating lease payable by the Group (30 June 2019: Nil).

As Lessor

As at 31 December 2019, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	31 December 2019 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Audited)
Within one year	23,729	23,986
In the second to fifth years	34,553	20,372
	58,282	44,358

The Group leases its properties under operating lease arrangements which run for an initial period of two to fifteen years (30 June 2019: two to fifteen years), with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. None of the leases include contingent rentals.

Capital Commitments

	31 December 2019 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Audited)
Contracted but not provided for:		
Financial instrument at FVTPL	107,324	133,503
Equity instruments	–	47,600
Investment properties	–	13,631
	107,324	194,734

Save for the above commitment, as at 31 December 2019, neither the Group nor the Company had any other significant commitments.

FOREIGN EXCHANGE EXPOSURE

The Group's income and expenditure during the Period were denominated in United States dollars (the "US\$"), British Pound (the "GBP"), Euro (the "EUR"), HK\$ and Japanese Yen (the "JPY"), and most of the assets and liabilities as at 31 December 2019 were denominated in US\$, GBP, EUR, HK\$ and JPY. Accordingly, the Board is of the view that, to a certain extent, the Group is exposed to foreign currency exchange risk. For the US\$ foreign exchange exposure, the Board believes the exposure is small as the exchange rate of US\$ to HK\$ is comparatively stable. However, the Group is exposed to GBP, EUR and JPY foreign exchange exposure and the fluctuation of exchange rates of GBP, EUR and JPY against HK\$ could affect the Group's results of operations. During the Period, foreign currency banking facilities for GBP, EUR and JPY were arranged for acquisition of properties and investments in these currencies to hedge for foreign exchange exposure.

TREASURY POLICIES

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

SEGMENT INFORMATION

The analysis of the principal activities of the operations of the Group is set out in note 4 to unaudited condensed consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had 13 (30 June 2019: 13) employees, including Directors. Total staff cost (including Directors' emoluments) was approximately HK\$5,749,000 for the Period as compared to approximately HK\$5,567,000 for the six months ended 31 December 2018. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and share option scheme.

BUSINESS OVERVIEW

Property Development Business

During the Period, the Group was engaged in one property development project in Birmingham, the UK. It is a residential property development project at 50 School Road, Moseley, Birmingham, the UK. The project has a site area of 15,800 square feet and it can be developed into a residential building with gross floor area of approximately 12,000 square feet. The acquisition of the land was completed on 26 October 2018 and the development plan has commenced and the development is expected to be completed in mid of 2020.

The Group considers that this development project in the UK provides a good opportunity for the Group to diversify its overall property portfolio and gain more experience in property development business in the UK. The Group will continue to explore the possible property development project both in Hong Kong and overseas, to enhance the benefit of the Shareholders while overcoming the challenges ahead.

Property Investment and Trading

During the Period, the Group has eight potential commercial and industrial properties for investment and trading purpose, which are located in Hong Kong. The Group also has one potential commercial property in Cardiff, the UK and two serviced apartments in Niseko, Japan, for investment purpose. Details of those properties are as follows:

Whole floor of 9 Queen's Road Central

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

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

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

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

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

Atlantic House at Cardiff, United Kingdom

The property is located at Cardiff, the UK with a total net floor area of approximately 42,000 square feet. The property consists of two office buildings. The east wing is currently leased to a local law firm for a term of fifteen years, which will be expired in 2026. The west wing is under refurbishment now and is expected to be completed by the end of this year. Cardiff is the principal office market within Wales and one of the major regional centres in the United Kingdom. The Group believes that it was a good opportunity for holding the property for long term investment purpose and diversification of the property portfolio.

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

There are four office units, which are located on 30th and 13th floors of Universal Trade Centre, No. 3 Arbuthnot Road, Central, Hong Kong. They have a total gross floor area of approximately 5,600 square feet. The office units have been leased to independent third parties.

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

This property is located at Arion Commercial Centre at 2–12 Queen's Road West, Hong Kong and has a gross floor area of approximately 1,650 square feet. This office unit has been leased to a translation company, which is wholly owned by Mr. Pong Wilson Wai San ("Mr. Pong"), with a monthly rent of HK\$46,000. The rent was determined after arm's length negotiation with reference to the monthly rental of other similar premises in Hong Kong market and the professional valuation report.

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

This property is a whole floor office unit located on 15th Floor of Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong, which is an office building in Central district, with a gross area of approximately 7,300 square feet. It has been leased out for stable rental income.

Roof of Block C of Sea View Estate, North Point

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

Shops and signages at Lime Stardom, Tai Kok Tsui

Two retail shops and 2 signages were acquired by the Group for trading purpose. The shops are located at Lime Stardom, Tai Kok Tsui with outstanding feature, such as curtain wall design and high ceiling. Hotels and shopping malls are within the proximity, together with the upcoming redevelopment and residential projects in the neighborhood. Tai Kok Tsui will definitely become one of the new focuses of the city with high growth potential. In view of this, those properties are acquired for short-term trading purpose. The shops have been leased to independent third parties with acceptable yield.

Service Apartments in Hokkaido Japan

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

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

During the Period, the segment from property investment and trading business recorded a total rental income of approximately HK\$15,172,000 (six months ended 31 December 2018: approximately HK\$14,609,000), including revenue of approximately HK\$13,950,000 (six months ended 31 December 2018: approximately HK\$12,915,000) and rental income in other income of approximately HK\$1,222,000 (six months ended 31 December 2018: approximately HK\$1,694,000). This segment is expected to provide a significant and steady income source to the Group.

Investment and Trading in Securities

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

As at 31 December 2019, the Group recorded a loss in fair value of debt instruments at FVTPL of approximately HK\$44,000 (six month ended 31 December 2018: Nil).

Under this segment, there is no investment held for investment as at 31 December 2019. The business' significant investments under held for trading as at 31 December 2019 were as below:

	Cost as at 31 December 2019 HK\$'000	Carrying amount as at 31 December 2019 HK\$'000	Loss in fair value during the Period HK\$'000	Dividends/ interests received during the Period HK\$'000
<i>CURRENT</i>				
Financial assets at FVTPL				
Listed debts investments – Hong Kong	11,184	11,727	(44)	339

PROSPECTS

Hong Kong's economy contracted by approximately 3% for the Period. External environment is increasingly challenging. Local business sentiment is expected to be much worse owing to the Wuhan coronavirus, local social incidents and the increased headwinds in the external environment, in particular the escalated US-Mainland trade conflicts and tightening global financial conditions. However, raising flat supply through increasing land supply is the Government's top policy priority in ensuring a healthy development of the property market. Reflecting the Government's sustained efforts to increase land and flat supply, total flat supply in the coming three to four years stayed at a high level of approximately 93,000 units.

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. 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, together with new business segment of the investment and trading in securities, can broaden the revenue base and benefit the Company and the Shareholders as a whole in the long run. The Group will continue to explore potential property and securities 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.

SHARE OPTIONS

A share option scheme was adopted by the Company on 1 November 2011 by the Shareholders (the "Share Option Scheme"). Details of the share options movements during the Period under the Share Option Scheme are as follows:

Name or category of grantees	Date of grant of share options	Exercise Price (HK\$)	Exercise Period (Note)	Number of share options					Balance as at 31.12.2019
				Balance as at 01.07.2019	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	
Directors									
Pong Wilson Wai San	3/6/2014	0.221	3/6/2014-2/6/2024	22,600,000	-	-	-	-	22,600,000
	17/5/2016	0.189	17/5/2016-16/5/2026	26,400,000	-	-	-	-	26,400,000
	26/11/2018	0.121	26/11/2018-25/11/2028	41,300,000	-	-	-	-	41,300,000
Lee Wing Yin	3/6/2014	0.221	3/6/2014-2/6/2024	1,000,000	-	-	-	-	1,000,000
	17/5/2016	0.189	17/5/2016-16/5/2026	27,180,000	-	-	-	-	27,180,000
	26/11/2018	0.121	26/11/2018-25/11/2028	5,000,000	-	-	-	-	5,000,000
Lai Hin Wing Henry	26/11/2018	0.121	26/11/2018-25/11/2028	1,000,000	-	-	-	-	1,000,000
Koo Fook Sun Louis	26/11/2018	0.121	26/11/2018-25/11/2028	1,000,000	-	-	-	-	1,000,000
Yeung Wing Yan Wendy	26/11/2018	0.121	26/11/2018-25/11/2028	1,000,000	-	-	-	-	1,000,000
Lung Hung Cheuk	26/11/2018	0.121	26/11/2018-25/11/2028	1,000,000	-	-	-	-	1,000,000
Total				127,480,000	-	-	-	-	127,480,000

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

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

As at 31 December 2019, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix 10 to the Listing Rules (the "Model Code"), were as follows:

Name of Directors	Capacity/ Nature of interests	Number of ordinary share(s) held	Number of underlying shares held pursuant to share options	Approximate percentage of the total issued shares of the Company	
				Total	
Pong Wilson Wai San	Beneficial owner	67,328,000	90,300,000 (Note 1)	157,628,000	2.84%
	Interest of a controlled corporation	3,346,419,668 (Note 3)	-	3,346,419,668	60.32%
Lee Wing Yin	Beneficial owner	107,500,000	33,180,000 (Note 1)	140,680,000	2.54%
Lai Hin Wing Henry	Beneficial owner	-	1,000,000 (Note 2)	1,000,000	0.02%
Koo Fook Sun Louis	Beneficial owner	-	1,000,000 (Note 2)	1,000,000	0.02%
Yeung Wing Yan Wendy	Beneficial owner	-	1,000,000 (Note 2)	1,000,000	0.02%
Lung Hung Cheuk	Beneficial owner	-	1,000,000 (Note 2)	1,000,000	0.02%

Notes:

- These shares of the Company represent the share options granted by the Company on 3 June 2014, 17 May 2016 and 26 November 2018 under the Share Option Scheme.
- These shares of the Company represent the share options granted by the Company on 26 November 2018 under the Share Option Scheme.
- These shares of the Company are beneficially owned by Virtue Partner Group Limited, a company wholly owned by Mr. Pong, and therefore Mr. Pong is deemed to be interested in these shares of the Company under the SFO.

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

Interest in the associated corporation

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

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

Save as disclosed above, as at 31 December 2019, none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2019, the interests or short positions of person in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the total number of issued shares of the Company (the "Shares") carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial Shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholders	Capacity in which Shares are held	Number of Shares	Approximate percentage of shareholding
Tung Ching Yee Helena (Note 1)	Family interest	3,504,047,668	63.16%
Virtue Partner Group Limited	Beneficial owner	3,346,419,668 (Note 2)	60.32%

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(cont'd)*

Notes:

1. Ms. Tung Ching Yee Helena is the wife of Mr. Pong and is accordingly deemed to be interested in the Shares beneficially owned by Mr. Pong in his own capacity and through his controlled corporation, Virtue Partner Group Limited, under the SFO.
2. 3,346,419,668 Shares are beneficially owned by Virtue Partner Group Limited, a company wholly owned by Mr. Pong, and therefore Mr. Pong is deemed to be interested in these Shares under the SFO.

All the interests disclosed above represent long position in Shares.

Save as disclosed above, as at 31 December 2019, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares, underlying shares or debenture of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the total number of issued Shares carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial Shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CHANGES OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of information on the Directors are as follows:

The letters of appointment of Mr. Lai Hin Wing Henry and Ms. Yeung Wing Yan Wendy, the non-executive Director and an independent non-executive Director respectively, have been renewed for a further term of one year commencing on 12 December 2019.

The letters of appointment of Mr. Koo Fook Sun Louis and Mr. Lung Hung Cheuk, both are independent non-executive Directors, were renewed for a further term of one year commencing on 23 March 2020.

DIRECTORS' RIGHTS TO ACQUIRE SHARE OR DEBENTURES

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

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

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in the Model Code. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by Directors throughout the Period.

CORPORATE GOVERNANCE PRACTICES

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

PRE-EMPTIVE RIGHTS

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

AUDIT COMMITTEE

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

By Order of the Board
Pong Wilson Wai San
Chairman

Hong Kong, 28 February 2020

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



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