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
ANNUAL REPORT
年報

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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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9 Queen's Road Central
Hong Kong

COMPANY HOMEPAGE

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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

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CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of Winfull Group Holdings Limited (the "Company"), we hereby present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2019 (the "Year") and are pleased to provide our business developments in the financial year of 2019.

MARKET OVERVIEW

This is the ninth year of listing on the Main Board (the "Main Board") of The Stock Exchange of Hong Kong Limited since 2 December 2010. The Hong Kong economy expanded modestly in the second half of this financial year, expanding by approximately 0.6% over a year earlier. The weaker performance of the global economy and various external headwinds continued to weigh on Hong Kong's economy. Domestic demand also lacked momentum. Overall investment expenditure continued to fall as business sentiment has turned cautious. Various external headwinds, including the uncertainties stemming from the US trade policy, Brexit and geopolitical tensions also persisted. The residential property market rebounded in 2019, after undergoing a consolidation in the second half of 2018. Trading activities picked up notably and flat prices rebounded strongly in 2019. The commercial and industrial property markets were generally lacklustre in the first half of 2019, with thin trading and prices saw further declines during the Year, while rentals exhibited diverse movements in different market segments. Prices and rentals of retail shop space declined during the Year. As a result, the average rental yield edged up from 2.4% to 2.5%.

FINANCIAL OVERVIEW

For the year ended 30 June 2019, the Group recorded a turnover of approximately HK$42,944,000, representing a decrease of approximately 93.3% compared with that of approximately HK$638,065,000 for the last financial year. The decrease in turnover was mainly attributed to the turnover from the property development business for the last financial year as a result of the disposal of its 51% equity interest in and all outstanding shareholdings' loan of Plan Link Limited, which holds a development project at Nos. 142-154 Carpenter Road, Kowloon, Hong Kong.

The profit attributable to shareholders for the year ended 30 June 2019 amounted to approximately HK$42,997,000, representing a decrease of approximately 70.5% compared with the profit attributable to shareholders of approximately HK$145,954,000 for the last financial year. The decrease in profit for this financial year was mainly attributed to one-off gain derived from the disposal of the two property development projects in Hong Kong in the last financial year.

PROSPECTS AND APPRECIATION

While the weaker performance of the global economy continued so far this Year, external uncertainties increased markedly towards the end of the Year, as a result of the escalation of the US' trade conflicts with the Mainland and the Brexit. Despite the uncertainties, we are confident that Hong Kong will remain relevant and vital in its own right and as part of the China. The Group believed that the business of property development, 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. The Group continued to explore potential opportunities of property investment and trading and property development both in Hong Kong and overseas with a view to having a diversified and balanced portfolio and to providing steady income source to the Group. With a view to broaden the revenue base, two new segments of business, investment and trading in securities and monies lending, have been set up for the Year.

Finally, on behalf of the Board, I would like to take this opportunity to express our gratitude to all members of the Board, staff and those who have supported us for their dedication and contribution to the Group. We will continue to put our best efforts to generate good business results and better returns to our shareholders.

Pong Wilson Wai San
Chairman
Hong Kong
27 September 2019

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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

During the Year, the Group was engaged in one property development project in the United Kingdom (the "UK"). The Group has eight potential investment properties, which are commercial and industrial properties located in Hong Kong, the UK and Japan, and two trading properties, which are commercial properties in Hong Kong.

The Hong Kong economy expanded modestly in the second half of this financial year, expanding by approximately 0.6% over a year earlier. The weaker performance of the global economy and various external headwinds continued to weigh on Hong Kong's economy. Domestic demand also lacked momentum. Private consumption expenditure only showed marginal expansion in the face of the challenging economic environment. Overall investment expenditure continued to fall as business sentiment has turned cautious. Various external headwinds, including the uncertainties stemming from the US trade policy, Brexit and geopolitical tensions also persisted. On US-Mainland trade tensions in particular, the additional tariffs already implemented, together with the associated uncertainties, remained a dampener on global trade growth.

The residential property market rebounded in 2019, after undergoing a consolidation in the second half of 2018. Trading activities picked up notably and flat prices rebounded strongly in 2019. Reflecting the Government's sustained efforts to increase land and flat supply, total private flat supply in the coming three to four years would stay at a high level of 93,000 units. The commercial and industrial property markets were generally lacklustre in the first half of 2019, with thin trading and prices saw further declines during the Year, while rentals exhibited diverse movements in different market segments. Prices and rentals of retail shop space declined during the Year. As a result, the average rental yield edged up from 2.4% to 2.5%.

FINANCIAL REVIEW

For the Year, the Group recorded a turnover of approximately HK$42,944,000, representing a decrease of approximately 93.3% compared with that of approximately HK$638,065,000 for the last financial year. The decrease in turnover was mainly attributed to the increase in turnover from the property development business as a result of the disposal of its 51% equity interest in and all outstanding shareholdings' loan of Plan Link Limited, which holds a development project at Nos. 142-154 Carpenter Road, Kowloon, Hong Kong (the "Carpenter Road Property Project") in the last financial year.

Profit before income tax of the Group for the Year was approximately HK$44,162,000, representing a decrease of approximately 82.7% compared with that of approximately HK$255,337,000 for the last financial year. The decrease in profit for the Year was mainly attributable to the two one-off gains derived in the last financial year (i) the disposal of its 51% equity interest in the Carpenter Road Property Project, as disclosed in the circular of the Company dated 28 September 2017; (ii) the disposal of its 30% equity interest in and all outstanding shareholdings' loan of Apex Plan Limited, which holds a development project at Nos. 18-32 Junction Road, Kowloon, Hong Kong (the "Junction Road Property Project"), as disclosed in the circular of the Company dated 9 June 2017; thus, the profit attributable to shareholders of the Company (the "Shareholder(s)") for the Year amounted to approximately HK$42,997,000, compared with that of approximately HK$145,954,000 for the last financial year.

BUSINESS OVERVIEW

Property Development Business

During the Year, the Group is engaged in one property development project, which is located in Birmingham, the UK.

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

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

Property Investment and Trading

During the Year, the Group has ten potential commercial and industrial properties for investment and trading purpose, which are located in Hong Kong, a potential commercial property in Cardiff, the UK and a serviced apartment in Niseko, Japan, for investment purpose. Details of those properties are as follows:

Roof of Block C of Sea View Estate, North Point

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

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 and the whole floor has been leased during the Year. One of the units, which occupied approximately 30% of the floor, is now looking for potential tenant. 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 United Kingdom with a total net floor area of approximately 42,000 square feet. The property consists of two office buildings which are individually let to two tenants, including a law firm and university. The existing gross rental yield of the property is more than 7%. Cardiff is the major 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 and diversification of the properties portfolio.

Whole floor of 9 Queen's Road Central

The property is located at the 6th Floor of 9 Queen's Road Central, Hong Kong and is a commercial property with gross floor area of approximately 11,371 square feet. A portion of the property is currently used by the Group as 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 future income with the possibility of future long term appreciation in value.

BUSINESS OVERVIEW *(cont'd)*

Property Investment and Trading *(cont'd)*

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

The 4 office units are located on 30th and 13th floors of Universal Trade Centre, No. 3 Arbuthnot Road, Central, Hong Kong. They have a total gross floor area of approximately 5,600 square feet. The office units have been leased to independent third parties.

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

The property is located at Arion Commercial Centre at 2–12 Queen's Road West, Hong Kong and has a gross floor area of approximately 1,650 square feet. This office unit has been leased to a translation company, which is wholly owned by Mr. Pong Wilson Wai San, with the 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 the Hong Kong market and the professional valuation report.

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

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

Shops and signage at Lime Stardom Tai Kok Tsui

Two retail shops and 2 signages were acquired by the Group on 5 March 2018. 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, the properties are acquired for short-term trading purpose. Both shops have been leased to independent third party with acceptable yield.

Serviced Apartment at Skye Niseko, Niseko, Hokkaido, Japan

Skye Niseko is located at the top of Upper Hirafu village, Niseko, Japan. It is a brand new serviced apartments with ski-in ski-out access to ski resorts and provide full range of hotel services. It is managed by HTM KK, which is the one of the premier asset manager in the Niseko area with expertise and experience in effectively managing hospitality and tourism in Niseko. The apartment unit acquired by the Group has a total floor area of approximately 1,400 square feet. The construction of the serviced apartments was completed in August 2018 and it has commenced its operation from December 2018. 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 and the UK in the long run. It considers that the properties represent a good investment opportunity and the Group will benefit from the long term appreciation of the property prices in Hong Kong and the United Kingdom.

During the Year, the segment of property investment and trading business recorded a total rental income of approximately HK$30,859,000 (2018: approximately HK$29,491,000), including revenue of approximately HK$27,841,000 (2018: approximately HK$28,172,000) and rental income in other income of approximately HK$3,018,000 (2018: approximately HK$1,319,000). This segment is expected to provide a significant and steady income source to the Group.

Securities Investment and Trading

The Group maintains a portfolio of stocks and other investments products which generate 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; and (iii) diversification of the existing investment portfolio.

As at 30 June 2019, the Group recorded a gain in fair value of debt instruments at fair value through profit or loss of approximately HK$587,000 (2018: Nil).

BUSINESS OVERVIEW *(cont'd)*

Securities Investment and Trading *(cont'd)*

As a result, the Group reported a segment profit of approximately HK$1,198,000 (2018: Nil) during the Year. The Group received interest income from those bond investments for this segment of approximately HK$449,000 during the year under review. As at 30 June 2019, the carrying amount of the investments for this segment amounted to HK$15,680,000 (2018: Nil). This value represents an investment portfolio comprising 4 bond investments.

Loan Financing

During the Year, the Group recorded an interest income from the loan financing business amounting to approximately HK$538,000 (2018: Nil), representing approximately 1% of the total revenue of the Group. Profit derived from loan financing business was approximately HK$407,000 for the Year (2018: Nil). The carrying amount of loans receivable as at 30 June 2019 was approximately HK$10,000,000 (2018: Nil).

PROSPECTS

The Hong Kong economy sustained modest year-on-year growth of over 1.2% for the Year and the property market was generally lacklustre for the Year. Rising flat supply through increasing land supply is Government's top policy priority in ensuring a healthy development of the property market. The Government would continue to put up sales suitable sites in the coming year to meet the annual target.

While the weaker performance of the global economy continued so far this Year, external uncertainties increased markedly toward the end of the Year, as a result of the escalation of the US' trade conflicts with the Mainland and the Brexit. These could weigh on global economic sentiment as well as trade and investment activities going forward. In view of the weakened economic outlook and subdue inflation, major central banks have adopted a more accommodative monetary policy stance. Waning expectations of further monetary normalization by the major central banks helped fuel market sentiment, interest rates in Hong Kong may generally follow the same policy in the near future.

With a view to broaden the revenue base, two new segments of business, investment and trading in securities and money lending, have been set up during the Year. The Group has maintained a portfolio bond investments and loans which generate high yield. The Group has taken into account of established criteria when determining whether to take up an investment and trading opportunity, especially for risks exposure in comparison with the Group's risk tolerance level at the prevailing time.

Despite the uncertainties 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 businesses of property development and property investment and trading both locally and internationally, 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 local and global economies 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 30 June 2019, the Group had net current assets of approximately HK$465,212,000 (2018: approximately HK$579,009,000) including cash and bank balances of approximately HK$314,412,000 (2018: approximately HK$511,508,000).

The gearing ratio was approximately 8% as at 30 June 2019 (2018: approximately 6%). The gearing ratio is derived by dividing the total of borrowings by total assets. The gearing ratio has increased for the Year when compared to 30 June 2018 due to borrowing of more foreign loans for oversea investments during the Year.

During the Year, the Group financed its operations with its own working capital and bank borrowings. As at 30 June 2019, the secured bank borrowing of the Group was approximately HK$173,345,000 (2018: approximately HK$126,447,000), in which approximately HK$126,137,000 (2018: approximately HK$71,811,000) are repayable within a period of not exceeding 5 years and approximately HK$47,208,000 are repayable beyond 5 years (2018: approximately HK$54,636,000), and there was no other borrowing as at 30 June 2019 (2018: Nil).

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

On 13 July 2018, Alpha Easy Limited ("Alpha Easy") (a wholly-owned subsidiary of the Company) as vendor, Ms. Hon Ching Lan ("Ms. Hon") as purchaser and the Company as the Alpha Easy's guarantor entered into the provisional agreements, pursuant to which (i) Alpha Easy has agreed to sell and Ms. Hon has agreed to purchase the entire issued share capital in and all debts owing to Alpha Easy by Enviro Global Limited (a wholly-owned subsidiary of the Company) for a consideration of HK$19,070,500 and (ii) Alpha Easy has agreed to sell and Ms. Hon has agreed to purchase the entire issued share capital in and all debts owing to Alpha Easy by Sonic Returns Limited (a wholly-owned subsidiary of the Company) for a consideration of HK$33,669,000, respectively. These transactions were completed on 19 October 2018.

For details of the transactions, please refer to the Company's announcements dated 13 July 2018 and 19 October 2018.

On 5 October 2018, Winter Cherishing Limited ("Winter Cherishing") (a wholly-owned subsidiary of the Company) entered into the subscription agreement, pursuant to which Winter Cherishing shall subscribe for a participation in TKO Shops Separate Account Limited with capital commitment of HK$30 million.

For details of the transaction, please refer to the Company's announcement dated 5 October 2018.

On 13 March 2019, World Fair Global Limited ("World Fair Global") (a wholly-owned subsidiary of the Company) entered into the conditional sale and purchase agreement dated 13 March 2019 with Mr. Au Wing Wah and Ms. Kong Pik Fan, pursuant to which World Fair Global shall acquire 20 issued shares of Universal Honor Holdings Limited ("Universal Honor"), representing 20% of the issued share capital of Universal Honor, and 20% of all obligations, liabilities and debts owing or incurred by Universal Honor from Mr. Au Wing Wah and Ms. Kong Pik Fan for a total consideration of HK$67,999,960.

For details of the transaction, please refer to the Company's announcements dated 13 March 2019 and 19 March 2019.

As the relevant percentages of the above transactions exceed 5% but all below 25%, the above transactions constitute discloseable transactions on the part of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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

	Cost as at 30 June 2019 HK$'000	Carrying amount as at 30 June 2019 HK$'000	Outstanding commitment as at 30 June 2019 HK$'000	Total of carrying amount and commitment as at 30 June 2019 HK$'000	Gain/(loss) in fair value during the Year HK$'000	Gain/(loss) on disposal during the Year HK$'000	Dividends/ interests received during the Year HK$'000
NON-CURRENT							
Equity instruments at fair value through other comprehensive income							
Listed equity securities – Hong Kong	9,124	9,145	–	9,145	(895)	–	535
Financial instruments at fair value through profit and loss							
Unlisted equity investment – outside Hong Kong	91,300	90,055	29,385	119,440	–	–	–
Unlisted investment fund	186,828	198,212	104,118	302,330	4,083	–	421
	278,128	288,267	133,503	421,770	4,083	–	421
Debt instruments at fair value through other comprehensive income							
Listed debts investments – Hong Kong	29,052	28,980	–	28,980	904	(1,926)	1,598
Listed debts investments – outside Hong Kong	43,043	42,214	–	42,214	1,151	(1,944)	2,481
	72,095	71,194	–	71,194	2,055	(3,870)	4,079
	359,347	368,606	133,503	502,109	5,243	(3,870)	5,035
CURRENT							
Debt instruments at fair value through profit or loss							
Listed debts investments – Hong Kong	7,603	7,844	–	7,844	241	–	227
Listed debts investments – outside Hong Kong	7,489	7,836	–	7,836	346	–	222
	15,092	15,680	–	15,680	587	–	449
	374,439	384,286	133,503	517,789	5,830	(3,870)	5,484

The total size of carrying amount and outstanding commitment for each of those investments as at 30 June 2019 represents approximately 0.01% to 1.78% of the total assets of the Group as at 30 June 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 Year and there is no plan for material investments or capital assets as at the date of this report.

PLEDGE OF ASSETS

As at 30 June 2019, the leasehold properties and certain investment properties with carrying amount of approximately HK$84,096,000 and approximately HK$548,654,000 (2018: approximately HK$85,848,000 and approximately HK$542,852,000) respectively and bank deposits of approximately HK$126,729,000 (2018: approximately HK$64,599,000) were pledged to secure bank borrowings for the Group.

CONTINGENT LIABILITIES

As at 30 June 2019, the Company has no guarantees (2018: Nil).

LEASE AND CONTRACTED COMMITMENTS

As lessee

At 30 June 2019, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	2019 HK$'000	2018 HK$'000
Within one year	–	144
In the second to fifth years	–	132
	–	276

In 2018, the Group leased a property under an operating lease. The lease runs for an initial period of two years, with an option to renew the lease and renegotiated the terms at the expiry date or at date as mutually agreed between the Group and respective lessor. None of the lease includes contingent rental.

As lessor

At 30 June 2019, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	2019 HK$'000	2018 HK$'000
Within one year	**23,986**	29,189
In the second to fifth years	**20,372**	26,559
	44,358	55,748

The Group leases its properties under operating lease arrangements which run for an initial period of one to fifteen years (2018: 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

	2019 HK$'000	2018 HK$'000
Contracted but not provided for:		
Available-for-sale financial assets	–	167,741
Financial instruments at FVTPL	**133,503**	–
Equity instruments	**47,600**	–
Investment properties	**13,631**	23,415
	194,734	191,156

FOREIGN EXCHANGE EXPOSURE

The Group's income and expenditure during the Year were denominated in United States dollars ("US$"), British Pound ("GBP"), Euro ("EUR"), Japanese Yen ("JPY"), and HK dollars ("HK$"), and most of the assets and liabilities as at 30 June 2019 were denominated in US$, GBP, EUR and JPY, and HK$. Accordingly, the Board is of the view that, to a certain extent, the Group is exposed to foreign currency exchange risk. For the US$ foreign exchange exposure, the Board believes the exposure is small as the exchange rate of US$ to HK$ is comparatively stable. However, the Group is exposed to GBP, EUR and JPY foreign exchange exposure and fluctuation of exchange rates of GBP, EUR and JPY against HK$ could affect the Group's results of operations. During the Year, 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.

USE OF PROCEEDS FROM THE PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 13 May 2016, the Company entered into the placing agreement pursuant to which the Company has conditionally agreed to place through Sanfull Securities Limited, on a best effort basis, up to 420,000,000 placing shares of the Company at the placing price of HK$0.15 per placing share of the Company to not less than six placees who and whose beneficial owners shall be independent third parties. The allotment of new shares of the Company was completed on 25 May 2016. The actual net proceeds from the placing were approximately HK$62.4 million, of which HK$50 million is intended for the costs, expenses and obligations of the property development project and the remaining HK$12.4 million for general working capital of the Group. Details of the placing were set out in the announcement of the Company dated 15 May 2016 and the next day disclosure return of the Company dated 25 May 2016. HK$50 million and HK$12.4 million were used up as at 30 June 2019 for property development and administrative and other operating expenses of the Group, respectively. For the year ended 30 June 2018, HK$2.6 million was used for building demolition costs for the Carpenter Road Property Project and HK$35 million was used for partial repayment of construction loan, finance costs and legal and professional fees for the Junction Road Property Project. For the year ended 30 June 2019, HK$7.9 million was used for part of the consideration for acquisition of the UK Property Project.

TREASURY POLICIES

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

SEGMENT INFORMATION

The analysis of the principal activities and geographical locations of the operations of the Group are set out in note 5 to the financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group had 13 (2018: 13) employees, including the directors of the Company (the "Director(s)"). Total staff costs (including Directors' emoluments) were approximately HK$15,090,000 for the Year as compared to approximately HK$18,320,000 in last year. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and share option scheme.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Pong Wilson Wai San ("Mr. Pong"), aged 50, has been appointed as the chairman of the Company (the "Chairman") and an executive Director with effect from 17 May 2016. Mr. Pong is also an authorised representative and a member of each of the remuneration committee and nomination committee of the Company. Mr. Pong was a Director of the Company during the period from 23 March 2007 to 12 December 2011 and a consultant of the Group during the period from 12 December 2011 to 16 May 2016. Mr. Pong is also a director of various subsidiaries of the Company. Mr. Pong is the sole director and sole shareholder of Virtue Partner Group Limited, which is the substantial and controlling shareholder of the Company. Mr. Pong is responsible for the overall strategic planning and investment strategy of the Group. He holds a bachelor degree in Applied Science from the University of British Columbia. He held various positions in a number of charity organizations in Hong Kong and had held various senior management positions with various local and international securities houses and a multinational company.

Mr. Lee Wing Yin ("Mr. Lee"), aged 49, was appointed as the authorised representative and company secretary of the Company (the "Company Secretary") on 23 March 2007, an executive Director on 1 June 2010, chief executive officer of the Company (the "CEO") on 4 November 2011 and compliance officer of the Company on 12 December 2011. He is also a director of various subsidiaries and the associates of the Company. He is responsible for provision of advice for overall management, strategic development and supervision of the Group. Mr. Lee is an associate member of the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and a fellow member of The Association of Chartered Certified Accountants. He has over ten years of working experience in auditing and business advisory services and had worked for international accounting firms for six years. He held senior financial management positions with various local companies before joining the Company.

NON-EXECUTIVE DIRECTOR

Mr. Lai Hin Wing Henry ("Mr. Lai"), aged 62, was appointed as an independent non-executive Director on 23 March 2007 and re-designated as a non-executive Director on 12 December 2011. Mr. Lai is a partner, co-chairman of Messrs. P. C. Woo & Co., a firm of solicitors and notaries in Hong Kong, and has been practicing in the legal field for more than thirty years. Graduated from The University of Hong Kong with a bachelor of law degree, Mr. Lai was admitted as a solicitor in Hong Kong, England and Wales and the State of Victoria, Australia. Mr. Lai is a Notary Public and a China Appointed Attesting Officer in Hong Kong. He was an independent non-executive director of Birmingham International Holdings Limited (Stock code: 2309), a company whose shares are listed on the Main Board of the Stock Exchange, from the period from 9 March 2015 to 15 October 2016.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Koo Fook Sun Louis ("Mr. Koo"), aged 63, was appointed as an independent non-executive Director on 23 March 2007. He is also the chairman of the audit committee and a member of the remuneration committee and nomination committee of the Company. Mr. Koo has many years of experience in investment banking and professional accounting. He was a managing director and head of the corporate finance department of a major international bank. Mr. Koo graduated with a bachelor's degree in business administration from the University of California at Berkeley and is a member of the HKICPA. He currently serves as an independent non-executive director of another three companies whose shares are listed on the Main Board of the Stock Exchange, namely Good Friend International Holdings Inc. (Stock code: 2398), Li Ning Company Limited (Stock code: 2331) and Xingda International Holdings Limited (Stock code: 1899). He was an independent non-executive director of Midland Holdings Limited (Stock code: 1200), a company whose shares are listed on the Main Board of the Stock Exchange, during the period from 24 September 2004 to 28 June 2017.

Mr. Lung Hung Cheuk ("Mr. Lung"), aged 72, was appointed as an independent non-executive Director on 23 March 2007. He is also the chairman of the remuneration committee, a member of the nomination committee and audit committee of the Company. Mr. Lung is a retired chief superintendent of the Hong Kong Police Force (the "Hong Kong Police") of Hong Kong. He joined the Hong Kong Police in 1966 as a Probationary Inspector at the age of 19. He was promoted to the rank of chief inspector in 1980, superintendent in 1986, senior superintendent in 1993 and chief superintendent in 1997. He had served in various police posts, namely Special Branch, Police Tactical Unit, Police Public Relations Bureau and in a number of police divisions at management level. Prior to his retirement in April 2002, he was the commander of Sham Shui Po Police District. Mr. Lung was also the secretary and then the chairman of the Superintendents' Association ("SPA") of the Hong Kong Police from 1993 to 2001. The membership of the SPA comprises the top management of the Hong Kong Police from superintendents up to and including the commissioner of Hong Kong Police. He was awarded the Police Meritorious Service Medal by the Chief Executive of Hong Kong in 2000. Mr. Lung is the independent non-executive director of Sitoy Group Holdings Limited (Stock code: 1023), the shares of which are listed on the Main Board of the Stock Exchange.

Ms. Yeung Wing Yan Wendy ("Ms. Yeung"), aged 57, was appointed as an independent non-executive Director on 12 December 2011. She is also the chairwoman of the nomination committee, a member of the audit committee and remuneration committee of the Company. She holds a master's degree in laws (Human Rights) of the Faculty of Law from the University of Hong Kong, a master's degree in Juris Doctor of the Faculty of Law from the Chinese University of Hong Kong and a bachelor's degree in Business Administration from the University of Hawaii at Manoa, Honolulu, Hawaii. Ms. Yeung is a practising barrister in Hong Kong. She has over 20 years of experience in corporate and financial communications. Ms. Yeung was the founder and managing director of Occasions Corporate & Financial Communication Limited from 1993 to 2007 and a managing director of Financial Dynamics International Limited from 2007 to 2010.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report to the Appendix 14 (the "CG Code") to the Listing Rules. The Company has complied with all CG Code during the Year.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the CG Code specifies that the roles of chairman and chief executive officer (chief executive for the CG Code) should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer (chief executive for the CG Code) should be clearly established and set out in writing. During the Year, the roles of the chairman and chief executive officer of the Company are separate and exercised by Mr. Pong Wilson Wai San and Mr. Lee Wing Yin, respectively.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by Directors throughout the Year.

BOARD OF DIRECTORS AND BOARD MEETING

The members of the Board for the Year were:

Executive Directors

Pong Wilson Wai San *(Chairman)*
Lee Wing Yin *(CEO)*
Ngan Man Ho *(resigned on 28 September 2018)*

Non-executive Director

Lai Hin Wing Henry

Independent Non-executive Directors

Koo Fook Sun Louis
Lung Hung Cheuk
Yeung Wing Yan Wendy

The Board is responsible for the Group's corporate policy formulation, business strategies planning, business development, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the Board to the management include the preparation of annual and interim accounts for Board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

Each of the Directors' biographical information is set out on pages 12 to 13 of this report. All executive Directors have given sufficient time and attention to the affairs of the Group and each of them has sufficient experience to hold the position so as to carry out his duties effectively and efficiently. There is no relationship among the members of the Board.

BOARD OF DIRECTORS AND BOARD MEETING *(cont'd)*

The Company has appointed three independent non-executive Directors who have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of Shareholders. At least one of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise. Each of them, namely Mr. Koo, Mr. Lung and Ms. Yeung, has signed a letter of appointment with the Company for a term of one year, of which Mr. Koo's and Mr. Lung's terms are commencing from 23 March 2019 and expiring on 22 March 2020 while Ms. Yeung's term is commencing from 12 December 2018 and expiring on 11 December 2019.

Mr. Lai, the non-executive Director, has signed a letter of appointment with the Company for a term of one year commencing from 12 December 2018 and expiring on 11 December 2019.

Mr. Pong, the executive Director, has entered into a service agreement with the Company for an initial term of 36 months commencing from 17 May 2019, or terminated by not less than three months' notice in writing served by either party at any time thereafter. Mr. Pong is entitled to Director's emolument of HK$529,000 per month plus discretionary bonus to be decided by the Board at its sole discretion, which is determined by reference to the prevailing market conditions and his roles, experience and responsibilities in the Company.

Mr. Lee, the executive Director, has entered into a service agreement with the Company for a term of 36 months commencing from 1 June 2019, or terminated by not less than three months' notice in writing served by either party at any time thereafter. Mr. Lee is entitled to a Director's emolument of HK$105,000 per month plus discretionary bonus to be decided by the Board at its sole discretion, which is determined by reference to the prevailing market conditions and his roles, experience and responsibilities in the Company.

In accordance with article 87(1) of the articles of association of the Company, all Directors (including executive Directors, non-executive Director and independent non-executive Directors) are subject to retirement by rotation at least once every three years. Mr. Pong and Mr. Lai shall retire from office as Directors by rotation at the forthcoming annual general meeting of the Company (the "AGM"), and being eligible, offer themselves for re-election at the AGM.

Pursuant to the requirements of the Rule 3.13 of the Listing Rules, the Company has received from each of the independent non-executive Directors the written confirmation of his/her independence. Based on such confirmations of independence, the Company considers all of the independent non-executive Directors to be independent.

The Board met 6 times as meetings and held 1 general meeting during the Year.

BOARD OF DIRECTORS AND BOARD MEETING

(cont'd)

Details of the attendance of the meetings of the Board are as follows:

	Attendance/ Number of General Meeting entitled to attend	Attendance/ Number of Board Meetings entitled to attend
Executive Directors		
Pong Wilson Wai San	1/1	6/6
Lee Wing Yin	1/1	6/6
Ngan Man Ho (resigned on 28 September 2018)	0/0	1/1
Non-executive Director		
Lai Hin Wing Henry	1/1	5/6
Independent Non-executive Directors		
Koo Fook Sun Louis	0/1	2/6
Lung Hung Cheuk	1/1	5/6
Yeung Wing Yan Wendy	1/1	5/6

During the Year, the management provided all members of the Board with monthly updates in accordance with the code provision C.1.2 of the CG Code.

Continuing Professional Development

According to the code provision A.6.5 of the CG Code, all directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange and/or introduce some Director's training courses for the Directors to develop and explore their knowledge and skills.

The Directors confirmed that they have complied with the code provision A.6.5 of the CG Code on the Directors' training.

During the Year, all Directors have participated in continuous professional development by attending seminars or reading materials on the following topics to develop and refresh their knowledge and skills and provided a record of training to the Company.

BOARD OF DIRECTORS AND BOARD MEETING *(cont'd)*

Directors	Topic on training covered (Notes)
Executive Directors	
Pong Wilson Wai San	(a), (b)
Lee Wing Yin	(a), (b), (c)
Ngan Man Ho	–
Non-executive Director	
Lai Hin Wing Henry	(a), (b)
Independent Non-executive Directors	
Koo Fook Sun Louis	(a), (b)
Lung Hung Cheuk	(a), (b)
Yeung Wing Yan Wendy	(a), (b)

Notes:

(a) Corporate governance

(b) Regulatory

(c) Finance/Accounting

Directors' and Officers' Liabilities

The Company has arranged for appropriate insurance covering the liabilities of the Directors that may arise out the corporate activities, which has been complied with the CG Code. The insurance coverage is revised on an annual basis.

REMUNERATION COMMITTEE

According to the Listing Rules, the Company has to set up a remuneration committee comprising a majority of independent non-executive Directors. The remuneration committee of the Company (the "Remuneration Committee") was established on 23 March 2007 with the latest written terms of reference adopted on 30 March 2012. As at the date of this report, the Remuneration Committee consists of four members, of which Mr. Pong is executive director and the other three are independent non-executive Directors, namely Mr. Koo, Mr. Lung and Ms. Yeung, which schedules to meet at least once a year. The chairman of the Remuneration Committee is Mr. Lung and the quorum necessary for the transaction of business is two.

The latest terms of reference of the Remuneration Committee are posted on the websites of the Stock Exchange and the Company.

The roles and functions of the Remuneration Committee include to make recommendation to the Board on the remuneration packages of individual executive Directors, which include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on the remuneration of non-executive Directors.

REMUNERATION COMMITTEE *(cont'd)*

The Remuneration Committee held 3 meetings during the Year to review the remuneration packages of all the Directors and senior management of the Company. Details of the attendance of the meetings of the Remuneration Committee are as follows:

Members	Attendance
Lung Hung Cheuk *(Committee Chairman)*	3/3
Pong Wilson Wai San	2/2
Koo Fook Sun Louis	1/3
Yeung Wing Yan Wendy	3/3

NOMINATION COMMITTEE

According to code provision A.5 of the CG Code, the Company has to set up a nomination committee comprising a majority of independent non-executive Directors. The nomination committee of the Company (the "Nomination Committee") was established on 12 November 2007 with the latest written terms of reference adopted on 30 March 2012. As at the date of this report, the Nomination Committee consists of four members, of which Mr. Pong is executive director and the other three are independent non-executive Directors, namely Mr. Koo, Mr. Lung and Ms. Yeung, which schedules to meet at least once a year. The chairwoman of the Nomination Committee is Ms. Yeung and the quorum necessary for the transaction of business is two.

The latest terms of reference of the Nomination Committee are posted on the websites of both the Stock Exchange and the Company.

The roles and functions of the Nomination Committee include nomination of the potential candidates for directorship, reviewing the nomination of the Directors, making recommendations to the Board for ensuring that all nominations are fair and transparent, reviewing and monitoring the implementation of the policy of diversity of the Board (the "Board Diversity Policy").

The Nomination Committee formulated the Board Diversity Policy. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In designing the Board's composition, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The Nomination Committee reviews the composition of the Board from diversified angles up to the date of this annual report and summarised as follows:

		No. of Directors
Gender:	Male	5
	Female	1
Ethnicity:	Chinese	6
Age Group:	41-50	2
	51-60	1
	≥61	3
Length of Service (year):	1-10	3
	≥11	3

NOMINATION COMMITTEE *(cont'd)*

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

(A) at least one-third of the members of the Board shall be independent non-executive directors;

(B) at least three of the members of the Board shall be independent non-executive Directors; and

(C) at least one of the members of the Board shall have obtained accounting or other professional qualifications.

The Board has achieved the measurable objectives under Board Diversity Policy for the Year.

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee also monitors the implementation of the Board Diversity Policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under the Board Diversity Policy.

Director Nomination Procedures

The Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorships:

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy.
- Willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments.
- Requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules.
- Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board.
- Such other perspectives appropriate to the Company's business.

Appointment of New Director

The Nomination Committee shall, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

The Nomination Committee shall then recommend to appoint the appropriate candidate for directorship.

For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee shall evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship and where appropriate, the Nomination Committee and/or the Board shall make recommendation to shareholders in respect of the proposed election of director at the general meeting.

Re-election of Director at General Meeting

The Nomination Committee shall review the overall contribution and service to the Company of the retiring director including his attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board.

The Nomination Committee shall also review and determine whether the retiring director continues to meet the criteria as set out above.

The Nomination Committee and/or the Board shall then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

NOMINATION COMMITTEE *(cont'd)*

The Nomination Committee held 4 meetings during the Year to review the structure, size and composition of the Board, assess the independence of independent non-executive Directors, make recommendations to the Board relating to the renewal services of non-executive Director and independent non-executive Directors and to review the Board Diversity Policy. Details of the attendance of the meetings of the Nomination Committee are as follows:

Members	Attendance
Yeung Wing Yan Wendy *(Committee Chairwoman)*	4/4
Pong Wilson Wai San	2/2
Koo Fook Sun Louis	1/4
Lung Hung Cheuk	4/4

AUDITOR'S REMUNERATION

The Company has appointed BDO Limited as the auditor of the Company (the "Auditor"). The Board is authorised in the AGM to determine the remuneration of the Auditor. During the Year, the Auditor performed the work of statutory audit for the Year and the remuneration of the Auditor for the Year is approximately HK$520,000. No non-audit service was provided by the Auditor.

AUDIT COMMITTEE

According to the Listing Rules, the Company has to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The audit committee of the Company (the "Audit Committee") was established on 2 May 2002 with the latest written terms of reference effective on 1 January 2019. During the Year, the Audit Committee was chaired by Mr. Koo and as at the date of this report, all Audit Committee members are independent non-executive Directors, namely Mr. Koo, Mr. Lung and Ms. Yeung.

The latest terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

The primary duties of the Audit Committee are to review and supervise the financial control, risk management and internal control systems of the Group and provide advice and comment on the Company's draft annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports to Directors.

The Audit Committee held 4 meetings during the Year and had reviewed the audited consolidated financial statements for the year ended 30 June 2018 and the unaudited consolidated financial statements for the three months ended 30 September 2018, six months ended 31 December 2018 and nine months ended 31 March 2019 respectively, with the recommendations to the Board for approval; and to review the accounting principles and policies adopted by the Group and its financial reporting functions and risk management and internal control systems. During the Year, the Audit Committee met the Company's auditor three times. Details of the attendance of the meetings of the Audit Committee are as follows:

Members	Attendance
Koo Fook Sun Louis *(Committee Chairman)*	2/4
Lung Hung Cheuk	4/4
Yeung Wing Yan Wendy	4/4

AUDIT COMMITTEE *(cont'd)*

The Group's unaudited consolidated quarterly, interim results and audited consolidated annual results for the Year have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made. The Audit Committee has also reviewed the audited consolidated financial statements for the Year.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The Directors acknowledge their responsibility for the preparation of the financial statements of the Group. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made.

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

The Auditor's responsibilities are set out in the Independent Auditor's Report.

CORPORATE GOVERNANCE FUNCTIONS

According to code provision D.3 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company in accordance with the written terms of reference adopted by the Board on 30 March 2012. The Board has the following duties and responsibilities for performing the corporate governance duties of the Company:

- to develop and review the Group's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Group's compliance with the corporate governance code as set out in the Listing Rules and disclosure in the corporate governance report in annual report of the Company.

During the Year, the Board held 2 meetings to review the policies and practices of the Company relating to the CG Code. Details of the attendance of the related meetings of the Board are as follows:

	Attendance
Executive Directors	
Pong Wilson Wai San	2/2
Lee Wing Yin	2/2
Ngan Man Ho	1/1
Non-executive Director	
Lai Hin Wing Henry	2/2
Independent Non-executive Directors	
Koo Fook Sun Louis	1/2
Lung Hung Cheuk	2/2
Yeung Wing Yan Wendy	2/2

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has responsibility for maintaining appropriate and effective risk management and internal control systems of the Group and reviewing its effectiveness through the Audit Committee by evaluating and determining the nature and extent of the risks which is willing to take in achieving the Group's strategic objectives. The Board is also responsible for overseeing the design, implementation and monitoring of the risk management and internal control systems. The risk management and internal control systems are designed to provide reasonable assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operating systems or in achievement of the Group's business objectives.

The Board, through the Audit Committee, conducts a review of the effectiveness of the Group's risk management and internal control systems by requiring all management to carry out self-risk assessment process using a common risk management framework. It covers all material controls, including financial, operational and compliance controls, on an annual basis. It also considers the adequacy of resources and staff qualifications and experience of the Group's accounting and financial reporting function.

Under the enterprise risk management framework, policies and procedures are in place to identify, assess, manage, control and report risks. Such risks include strategic, operational (administrative system, project and lease management, contract and construction management, information technology security), market, reporting and compliance risks. Exposure to these risks is continuously monitored by the Board through the Audit Committee.

The internal control system includes a defined management structure with specified limits of authority. The Board has clearly defined the authorities and key responsibilities of each division to ensure adequate checks and balances. The internal control system has been designed to safeguard the Group's assets against unauthorised use or disposition, to ensure the maintenance of proper accounting records for producing reliable financial information, and to ensure compliance with applicable laws, regulations and industry standard.

The Group does not have an internal audit function. During the Year, the Board has reviewed the effectiveness of the internal control system of the Group and there were no major issues but areas for improvement have been identified by the Audit Committee and appropriate measures taken. In addition, the Board is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. The situation will be reviewed from time to time.

After the review on the risk management and internal control systems, the management provided an action plan so as to mitigate those identified deficiencies in a timely manner. All internal control findings would be followed up closely to ensure that the action plan is implemented accordingly.

During the Year, the Board was satisfied with the Group's risk management and internal control processes are adequate to meet the need of the Group in its current business environment and that nothing has come to its attention to cause the Board to believe the Group's risk management and internal control systems are inadequate. Moreover, the existing risk management and internal control systems are effective and adequate, and will continue to be reviewed, added on or updated to provide for change in the operating environment.

The Company has adopted an policy setting out guidelines to the directors, officers and all relevant employees of the Group to ensure inside information of the Company is to be disseminated to the public in a timely manner in accordance with the applicable laws and regulations, including but not limited to the Listing Rules and the Inside Information Provisions in Part XIVA of Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong).

Director(s), officer(s) or employee(s) who become aware of any non-public price-sensitive information having been divulged, that may fall into the category of inside information as defined in the policy, should immediately report to the chief executive officer/company secretary of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL *(cont'd)*

The Company must disclose inside information (unless falling within one of the safe harbours under Part XIVA of SFO) to the public as soon as reasonably practicable in accordance with the requirements of the Listing Rules and Part XIVA of SFO. The Board, officers and/or employees of the Company shall take reasonable precautions for preserving the confidentiality of inside information before publication of the relevant announcement (if applicable). All inside information must be treated strictly confidential. Disclosure must be made in a manner that provides the public with an equal, timely and effective access to the information, such as through the electronic publication system operated by the Stock Exchange.

FINANCIAL REPORTING

The Directors acknowledge their responsibilities for keeping proper accounting records and preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the profit and loss for the year. In preparing the financial statements, the Directors have adopted all applicable Hong Kong Financial Reporting Standards in all material respects, selected appropriate accounting policies and then applied them consistently, made judgements and estimates that are fair and reasonable. The Directors use the going concern basis in preparing the financial statements unless this is inappropriate.

The Company recognises that a clear, balanced and timely presentation of financial report is crucial in maintaining the confidence of stakeholders. Reasonable disclosure of Company's financial position and prospects are provided in the report. Annual and interim results are published within three and two months after the end of the relevant financial periods respectively.

A statement of the Company's external auditor about its reporting responsibilities is included in the Independent Auditor's Report on pages 42 to 46 of this report.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHT

The Company values communication with the Shareholders and investors. The Company uses two-way communication channels to account to Shareholders and investors for the performance of the Company. Enquiries and suggestions from Shareholders or investors are welcomed, and enquires from Shareholders may be put to the Board through the following channels to the Company Secretary:

1. By mail to the Company's principal place of business at Unit A, 6/F., 9 Queen's Road Central, Hong Kong;

2. By telephone at telephone number (852) 3183 0727;

3. By fax at fax number (852) 2111 9303; or

4. By email at inquiry@winfullgroup.hk.

The Company uses a number of formal communication channels to account to Shareholders and investors for the performance of the Company. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchange views with the Board; (iii) updated and key information of the Group available on the websites of the Stock Exchange and the Company; (iv) the Company's website offering communication channel between the Company and its Shareholders and investors; and (v) the Company's share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear, detailed, timely manner and on a regular basis information of the Group to Shareholders through the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHT *(cont'd)*

The Company strives to take into consideration its Shareholders' views and inputs, and address Shareholders' concerns. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice shall be given. The chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, the Directors are available to answer Shareholders' questions on the Group's businesses at the meeting. To comply with code provision E.1.2 of the CG Code, the management will ensure the external auditor to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

All Shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by Shareholders. According to article 58 of the articles of association of the Company, any one or more of the members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

If a Shareholder wishes to propose a person (the "Candidate") for election as a Director at a general meeting, he/she shall deposit a written notice (the "Notice") at the Company's head office in Hong Kong at Unit A, 6/F., 9 Queen's Road Central, Hong Kong. The Notice (i) must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules and his/her contact details; and (ii) must be signed by the Shareholder concerned including the information/documents to verify the identity of the Shareholder and signed by the Candidate indicating his/her willingness to be elected and consent of publication of his/her personal data. The period for lodgment of the Notice shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such meeting. In order to ensure the Shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a Director without adjourning the general meeting, Shareholders are urged to submit and lodge the Notice as soon as practicable, say at least 15 business days prior to the date of the general meeting appointed for such election.

The Board has established a shareholder communication policy on 30 March 2012 and will review it on a regular basis to ensure its effectiveness to comply with the code provision E.1.4 of the CG Code.

In order to promote effective communication, the Company also maintains website www.winfullgroup.hk which includes the latest information relating to the Group and its businesses.

DIVIDEND POLICY

The Board has approved and adopted a dividend policy on 22 February 2019 (the "Dividend Policy"). Under the Dividend Policy, the declaration and payment of dividends shall be determined at the sole discretion of the Board.

The Company's ability to distribute dividends will depend on, among others, the profits, operating results, cash flow, financial condition, contractual restrictions, capital requirements and other factors of the Company which the Directors consider relevant, and the interests of the shareholders of the Company. The remaining profit will be used for the development and operation of the Group.

The Company's distribution of dividends shall also comply with any restrictions under the applicable laws of the Cayman Islands, the laws of Hong Kong, the Listing Rules and the articles of association of the Company, as well as subject to the approval of shareholders of the Company.

The Company will continually review the Dividend Policy from time to time. There is no guarantee that any particular amount of dividends will be distributed for any specific periods.

DIRECTORS' REPORT

For the year ended 30 June 2019

The Directors present the annual report and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries of the Company are set out in note 17 to the financial statements.

BUSINESS REVIEW

A review of the business of the Group during the Year and a discussion on the Group's future business development are provided in the Chairman's Statement and Management Discussion and Analysis on pages 3 to 11 of this annual report. Possible risks and uncertainties that the Group may be facing are set out in the Corporate Governance Report on pages 14 to 24 of this annual report.

Environmental Policies and Performance

Details for the environmental policies and performance of the Group during the Year are set out in the Environmental, Social and Governance Report on pages 35 to 41.

Compliance with the Relevant Laws and Regulations

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Relationship with Suppliers, Customers and other Stakeholders

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders to meet its immediate and long-term goals.

During the Year, there were no material and significant dispute between the Group and its suppliers, customers and/or other stakeholders.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the state of affairs of the Group as at 30 June 2019 are set out in the financial statements on pages 47 to 127 of this report.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2018: HK0.18 cent).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 26 November 2019 to Friday, 29 November 2019, both days inclusive, during which period no transfer of shares of the Company (the "Shares") will be registered. In order to attend the AGM, all transfer of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrars in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 25 November 2019.

CHARITABLE DONATIONS

During the Year, the Group made charitable donation amount to approximately HK$1,448,000 (2018: approximately HK$1,543,000).

SUMMARY FINANCIAL INFORMATION

The following is a summary of the consolidated results and of the consolidated assets and liabilities of the Group for the last five financial years:

Consolidated Results

	Year Ended 30 June 2019 HK$'000	Year Ended 30 June 2018 HK$'000	Year Ended 30 June 2017 HK$'000	Year Ended 30 June 2016 HK$'000	Year Ended 30 June 2015 HK$'000
Revenue from continuing and discontinued operations	**42,944**	638,065	18,512	11,607	65,521
Profit/(Loss) before income tax from continuing and discontinued operations	**44,162**	255,337	8,118	(40,872)	(25,601)
Income tax expense	**(1,062)**	(45,004)	(1,320)	(976)	(3,290)
Profit/(Loss) after income tax	**43,100**	210,333	6,798	(41,848)	(28,891)
Attributable to:					
Owners of the Company	**42,997**	145,954	7,106	(41,259)	(28,580)

Consolidated Assets and Liabilities

	As at 30 June 2019 HK$'000	As at 30 June 2018 HK$'000	As at 30 June 2017 HK$'000	As at 30 June 2016 HK$'000	As at 30 June 2015 HK$'000
Total assets	**2,186,849**	2,117,149	2,231,302	1,540,741	1,487,890
Total liabilities	**(236,443)**	(211,170)	(463,516)	(272,858)	(246,539)
Net assets	**1,950,406**	1,905,979	1,767,786	1,267,883	1,241,351

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Year are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital during the Year are set out in note 31 to the financial statements.

RESERVES

Details of the movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity of the Group on pages 53 to 54 of this report and in note 42 to the financial statements respectively.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution to Shareholders amount to approximately HK$1,661,341,000 (2018: approximately HK$1,655,160,000). Under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the reserves of the Company are available for paying distributions or dividends to Shareholders subject to the provisions of its memorandum and articles of association. In addition, dividends or distributions may, with the sanction of an ordinary resolution of Shareholders, be declared and paid out of the share premium account of the Company provided that immediately following the distribution or dividend, the Company is able to pay its debts as they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, revenue made to the five largest customers of the Group accounted for approximately 32.9% (2018: approximately 97.4%) of the Group's total revenue for the Year. Revenue made to the Group's largest customer accounted for approximately 8.7% (2018: approximately 95.6%) of the Group's total revenue for the Year.

The Group had no major suppliers due to the nature of the principal activities of the Group.

At no time during the Year, the Directors, their close associates or any Shareholders (which to the best knowledge of the Directors own more than 5% of the Company's issued shares) had any interest in these major customers.

DIRECTORS

The Directors for the Year and up to the date of this report were as follows:

Executive Directors

Pong Wilson Wai San *(Chairman)*
Lee Wing Yin *(CEO)*
Ngan Man Ho (resigned on 28 September 2018)

Non-executive Director

Lai Hin Wing Henry

Independent Non-executive Directors

Koo Fook Sun Louis
Lung Hung Cheuk
Yeung Wing Yan Wendy

In accordance with article 87(1) of the articles of association of the Company, Mr. Pong and Mr. Lai shall retire from office as Directors by rotation at the AGM and, being eligible, offer themselves for re-election at the AGM.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 12 to 13 of this report.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in this report, no contract of significant to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' SERVICE CONTRACTS

Details of the Directors' service contracts and appointment letters are described in the "Corporate Governance Report" on page 15.

Apart from the forgoing, no Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

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

As at 30 June 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 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 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, 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	Total	Approximate percentage of the total issued shares of the Company
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%
Lung Hung Cheuk	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%

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

Notes:

1. These Shares represent the share options granted by the Company on 3 June 2014, 17 May 2016 and 26 November 2018 under the share option scheme adopted on 1 November 2011.

2. These Shares represent the share options granted by the Company on 26 November 2018 under the share option scheme adopted on 1 November 2011.

3. These 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.

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 30 June 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

As at 30 June 2019, other than the interests of certain Directors and chief executive of the Company as disclosed under the section headed "Directors' and chief executives' interests and short position in the shares, underlying shares and debentures of the Company or any associated corporation" above, 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 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:

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES *(cont'd)*

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%

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 30 June 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 or underlying shares 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 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.

SHARE OPTION SCHEME

A share option scheme was adopted on 1 November 2011 (the "Adoption Date") by the Shareholders (the "Scheme"). The following is a summary of principal terms of the Scheme adopted by the Shareholders passed as an ordinary resolution on 1 November 2011. The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

(a) Purpose of the Scheme

The purpose of the Scheme is to enable the Company to grant options to selected persons as incentives or rewards for their contribution to the Company and its subsidiaries.

(b) Participants of the Scheme

The Board may, at its absolute discretion grant all Directors (including executive, non-executive or independent non-executive Directors), any employee (full-time or part-time), any adviser, consultant, supplier or customer of the Company or any of its subsidiaries, options to subscribe at a price calculated in accordance with the paragraph below for such number of Shares as it may determine in accordance with the terms of the Scheme.

(c) Total Number of Shares Available for Issue Under the Scheme

The maximum number of Shares available for issue under the share options which may be granted under the Scheme and any other share option scheme of the Company must not, exceed 10% of the Shares in issue on the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company), unless Shareholders' approval has been obtained.

As at the date of this report, the outstanding number of Shares available for issue under the Scheme is 682,292,566 Shares, representing approximately 12.30% of the issued Shares.

(d) The Maximum Entitlement of Each Participant Under the Scheme

The total number of Shares issued and to be issued upon exercise of options granted and to be granted to each participant or grantee (including exercised, cancelled and outstanding options) under the Scheme, in any 12-month period up to and including the date of grant shall not exceed 1% of the Shares in issue.

SHARE OPTION SCHEME *(cont'd)*

(e) Timing for Exercising Option

An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(f) Payment of Acceptance of Option

The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.

(g) Period of Acceptance of Option

An offer for the grant of options must be accepted within 21 days from the date of grant of the options.

(h) The Basis of Determining the Exercise Price of Option

The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price determined by the Board and notified to a participant and shall be at least the highest of:

(i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date on which the Board passes a resolution approving the making of an offer of grant of an option to the participant (the "Offer Date");

(ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the Offer Date; and

(iii) the nominal value of the Share on the Offer Date.

(i) Duration of Scheme

The Scheme will remain in force for a period of 10 years commencing from the Adoption Date.

(j) Grant of Options to Connected Person

Any grant of options to a connected person (as defined in the Listing Rules) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee). Where options are proposed to be granted to a substantial shareholder (as defined in the Listing Rules) of the Company or an independent non-executive Director or any of their respective associates, and the proposed grant of options which would result in the Share issued and to be issued upon exercise of all options already granted or to be granted to such person in the 12-month period up to and including the date of offer of the options, would entitle that person to receive more than 0.1% of the total issued Shares for the time being and the value of which is in excess of HK$5,000,000, then the proposed grant must be subject to the approval of the Shareholders at the general meeting. All connected persons of the Company must abstain from voting in such general meeting (except where any connected person intends to vote against the proposed grant).

SHARE OPTION SCHEME *(cont'd)*

Details of the share options movements during the Year under the Scheme are as follows:

				Number of share options					
Name or category of grantees	Date of grant of share options	Exercise Price (HK$)	Exercise Period (Note 1)	Balance as at 01.07.2018	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year	Balance as at 30.6.2019
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 (Note 2)	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 (Note 2)	0.121	26/11/2018-25/11/2028	–	5,000,000	–	–	–	5,000,000
Lai Hin Wing Henry	26/11/2018 (Note 2)	0.121	26/11/2018-25/11/2028	–	1,000,000	–	–	–	1,000,000
Koo Fook Sun Louis	26/11/2018 (Note 2)	0.121	26/11/2018-25/11/2028	–	1,000,000	–	–	–	1,000,000
Yeung Wing Yan Wendy	26/11/2018 (Note 2)	0.121	26/11/2018-25/11/2028	–	1,000,000	–	–	–	1,000,000
Lung Hung Cheuk	26/11/2018 (Note 2)	0.121	26/11/2018-25/11/2028	–	1,000,000	–	–	–	1,000,000
Former Director									
Ngan Man Ho	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	3,180,000	–	–	3,180,000	–	–
Total				81,360,000	50,300,000	–	4,180,000	–	127,480,000

Notes:

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

2. The closing price of the Shares immediately before 26 November 2018, on which those options were granted, was HK$0.117.

SHARE OPTION SCHEME *(cont'd)*

Information on the accounting policy and the value of options granted is provided in notes 3 and 34 to the financial statements.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executives' interests and short position in the shares, underlying shares and debentures of the Company or any associated corporation" above, at no time during the Year 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

Save as disclosed above, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed shares during the Year.

INVESTMENT IN SUBSIDIARIES

The principal activities of the Company's subsidiaries are set out in note 17 to the financial statements.

CORPORATE GOVERNANCE

The Company maintains a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 14 to 24. The Directors believe the long term financial performance as opposed to short term rewards is a corporate governance objective. The Board would not take undue risks to make short term gains at the expense of the long term objectives.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

PUBLIC FLOAT

As far as the information publicly available to the Company is concerned and to the best knowledge of the Directors, at least 25% of the Company's issued shares were held by members of the public as at the date of this report.

DIRECTORS' INTERESTS IN COMPETING INTERESTS

As at the date of this report, none of the Directors had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

RELATED PARTY/CONNECTED TRANSACTIONS

The Directors consider that those material related party transactions disclosed in note 39 to the consolidated financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the Listing Rules. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

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 on a pro rata basis to existing Shareholders.

AUDITOR

BDO Limited will retire and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of BDO Limited as the auditor of the Company is to be proposed at the AGM.

EVENTS AFTER REPORTING PERIOD

On 13 March 2019, the Group entered into a sale and purchase agreement with an independent third party to acquire 20% equity interest of a company, namely Universal Honor Holdings Limited for a consideration HK$67,999,960. An amount of HK$20,399,000 has been made during the year. The transaction was completed on 30 August 2019.

FOR AND ON BEHALF OF THE BOARD
Pong Wilson Wai San
Chairman

Hong Kong
27 September 2019

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has compiled an Environmental, Social and Governance ("ESG") Report for a third consecutive year. This ESG Report provides a detailed account of the Group's sustainability performance, policies and strategies of the Company and the Group during the Year.

1. REPORTING STANDARD AND SCOPE

The Group's ESG Report has been prepared in accordance with the ESG Reporting Guide ("ESG Guide") set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. An index is included at the end of this Report to demonstrate compliance with the ESG Guide.

This ESG Report provides an overview of our sustainability vision and related performance and initiatives in our operations, responding to our stakeholders' interests in the environmental, social and corporate governance aspects of the Group. The scope of the Report covers properties owned and operated by the Group in Hong Kong and the United Kingdom and the property development operation. This report also describes detailed key performance indicators ("KPIs") progress towards our targets in the past year in accordance with the ESG Guide. The Group is committed to a reasonable standard of corporate social responsibility and strictly complies with relevant laws and regulations reporting.

Materiality Assessment

In line with the Reporting Principles of the ESG Guide, a Materiality Assessment was conducted to identify material sustainability issues for the Group in the Year. This process follows three steps:

Step 1: Identification

- ESG disclosures of five peer companies in the property industry were reviewed to identify the material issues common in the industry.

Step 2: Prioritisation

- The material aspects which were identified through peer benchmarking were consolidated, creating a list of relevant material ESG issues to be brought forward for validation.

Step 3: Validation

- The findings were prioritise from the first two steps and then confirmed a list of material ESG issues and the relevant Aspects and KPIs for disclosure in this report.

2. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is an essential part of our vision as the Company is dedicated to good corporate governance practices, promoting economic and social values for the community and minimising our impact on the environment. Our Group aims to contribute to the community and the well-being of the environment by continuing to enhance environmental awareness, deliver training for our employees, and engage in various charitable initiatives to serve the community.

An effective governance structure is essential to address sustainability issues and manage ESG-related issues. The senior management assists the Board of Directors in reviewing the polices and overseeing the issues with respect to sustainability issues.

The Group has dedicated itself to take up its corporate social responsibility for the communities where it is present. We support the community through a Po Leung Kuk Winfull Charity Fund Foundation to help, which was established in 2011. The Charity Fund aims at providing urgent supplement for families of staff and students in affiliated schools; and higher education supplement for affiliated would-be students enrolling in University Grants Committee (UGC) funded programs; as well as funding for innovational technology and STEAM in affiliated secondary and primary schools. In addition to the Charity Fund, the Group also strives to repay society by participating in charitable sponsorship and supported various local charitable activities. It also encourages its staff members to offer their time and care to the people in need in our community.

3. OUR ENVIRONMENT

3.1 Introduction

While there are no significant environmental impacts associated with the nature of our business, we recognise our responsibility to contribute to a greener future. We are committed to optimising energy efficiency and conserving natural resources at our office and properties. To effectively monitor and manage our environmental performance, the Group has introduced internal policies on environmental protection. The environmental policies allow us to identify and manage the environmental issues associated with our operations emphasising three main environmentally friendly practices in the office including paper usage reduction, water resource management and energy saving.

3.2 Energy Consumption and Emissions

The Group constantly seeks opportunities to reduce energy consumption and greenhouse gas emissions throughout our business operations in properties and signage. We have taken a systematic approach to managing our energy use and carbon footprint. For instance, we have replaced low energy consumption lighting in our office and properties with energy efficient lighting systems. Most of our office equipment is labelled with Grade 1 Energy Labels which contributes to saving energy throughout the Year. In addition, the indoor temperature is maintained at 25°C in order to avoid excessive use of energy. The roof-top signage has been pre-set to switch off from 11pm to 7am and the brightness is also set to a normal level to save energy. These energy-saving measures contribute to managing the carbon footprint of our daily business operations. The management also regularly monitored electricity usage in our offices and properties. The data collected from this exercise will be used to review our buildings' performance, identify preventive measures and produce electricity savings plans. Other measures included adjusting the operating hours of the signage, air-conditioning systems and public lighting systems to optimise electricity usage during peak and off-peak hours.

3.3 Waste and Resource Management

The Company has implemented measures regarding waste management and recycling system in order to responsibly manage our use of resources. For instance, we encourage our staff to adopt the use of electronic communication and documents instead of paper forms in their day to day operations. To further reduce paper usage, environmental initiatives such as double-sided printing are encouraged for all staff in our office. For water savings, reminders to switch off the tap after use are placed in the pantry and washrooms and inspections are performed regularly for water pipes and taps to prevent leakage. With this systematic approach of waste and resource management, we aims to inspire environmental awareness to promote a more sustainable business and operating practices. The management also periodically monitored the performance of our recycling schemes and systems to evaluate their efficiency and identify ways we can improve them. We are aiming to achieve even greater results in terms of waste reduction in the years ahead.

3.4 Cultivating Environmental Awareness

To facilitate sustainable growth, we aspire to foster a green culture within the Group. We have implemented internal environmental policies for our offices and properties. The policies stipulate practical guidance for staff on energy conservation, waste reduction and resource recycling. For instance, the practical guidelines include recommendations such as purchasing office equipment certified with energy efficient labels, replacing lighting basins with energy efficient lightings, and reducing the use of excessive printing. In addition, we have installed recycling bins in our office premises to further reduce waste. We believe the policies will serve as the cornerstone to foster behavioral change within the Group.

4. OUR PEOPLE

4.1 Introduction

Employees are the core of the Group's business and we are fully committed to providing a safe and caring work environment with a variety of on-the-job training and development opportunities.

4.2 Caring Company

The Group continues to take positive action to ensure equal opportunity in the conduct of employment activities: recruitment, hiring, compensation, training and promotion for all persons, regardless of race, religion, gender, family status, age or any other basis prohibited by law. Recruitment of child or force labour is strictly prohibited to protect human rights.

With our remuneration policy, employees are rewarded with fair and competitive remuneration packages and benefits in accordance with qualifications, performance and market salary trends. Annual performance appraisals are conducted to reward staff for past accomplishments, identify promotions and salary increments. In addition to pay mechanism, we provide our employees with a variety of others benefits to ensure their welfare. During the Year, there were no non-compliance cases relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and the relevant legislation, including the Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong) and the Employment Ordinance (Cap. 57 of the Laws of Hong Kong).

4.3 Occupational Health and Safety

One of the Group's top priorities is to provide a healthy and safe working environment for our employees. To demonstrate our commitment, safety guidelines are established to safeguard employees from any occupational hazards which are in compliance with the Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong). Safety arrangements in cases of emergency such as during typhoons and rainstorm warnings are stated in the safety guidelines to ensure that all staff are aware of emergency procedures. With our staff following the safety guidelines, we are glad to announce that there were no work-related fatalities or lost days due to work injury during the Year.

4.4 Training and Development

The Company encourages and arranges training and development opportunities in order to further improve work performance and enhance career development within the Group. These external training opportunities include various training courses and seminars where our employees can advance their skills and knowledge and develop their career.

4.5 Business Ethics

We are committed to maintaining high levels of moral standards and integrity in our business operations. The Group's Employee Handbook states the requirements of professional conduct that all staff are required to follow at all times in accordance with Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong), Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong) and Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong).

4. OUR PEOPLE *(cont'd)*

4.5 Business Ethics *(cont'd)*

The Group has an established whistle-blowing policy for all employees to ensure that management is well aware of the situation where employees have concerns regarding corruption or bribery. When a case regarding corruption or bribery is encountered, an employee may present the case to the management directly and all information will be treated in strict confidence. This procedure allows employees and management to work together to resolve any issues and prevent further misconduct.

During the Year, there were no non-compliance with laws and regulations relevant to bribery, extortion, fraud and money laundering.

5. OUR VALUE CHAIN

5.1 Supply Chain Management

Sustainability is one of the factors that the Company considers when choosing our supply chain partners since their sustainability performance is closely related to our business operations. As part of our policy, our suppliers and vendors will need to undergo our approval process and we will conduct evaluation on a regular basis. We are constantly improving our performance by integrating corporate social responsibility practices into the process of supply chain management. Related risks which may affect our operations are being well-managed through this systematic approach.

5.2 Responsible Services

The Company is committed to providing quality services by complying with both national and international standards. The Group has a comprehensive quality assurance process which includes the monitoring of supplier performance, quality control, employee training and development, and corrective and preventive actions. In addition, we comply with the Group's privacy policy which is developed in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) ensuring that all personal data are handled in strict confidence.

Any complaints from customers are handled and investigated in a thorough and efficient manner. During the Year, there were no complaint cases relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

6. OUR COMMUNITY

The Company is dedicated to contributing and giving back to the community through our engagement activities and community-based programmes. The Group has a strong will in serving the underserved community. During the Year, we supported various local charitable activities, such as donation to a charity walk of the Community Chest for helping those in need and sponsor staff to participate in Hong Kong Marathon 2019 organized by Standard Chartered Bank, etc. The Group also made donations to various charitable group, including Po Leung Kuk and Community Chest, etc. In total, the Group has contributed over HK$1,400,000 to different charitable group, foundations and events during the Year. We are keen to be a good and responsible citizen and make commitments to social services. The Group also encourages our staff members to offer their time and care to the people in need in our community. We engage our management, employees and members of our community to make a positive impact through charitable sponsorships, donations and volunteering services.

7. KPI DATA TABLE

KPI		Unit	The Year		
A. Environmental					
A1.2	**Greenhouse gas emissions in total and intensity**				
	Scope 1 emission	Tonnes of CO_2e	0		
	Scope 2 emission	Tonnes of CO_2e	147.00		
	Scope 3 emission	Tonnes of CO_2e	2.58		
	– in total	Tonnes of CO_2e	149.58		
	– by intensity	Tonnes of CO_2e/FTE	4.68		
A2.1	**Energy consumption by type**				
	Direct Energy Consumption				
	– in total	'000 kWh	0		
	– by intensity	'000 kWh/FTE			
	Indirect Energy Consumption				
	– in total	'000 kWh	186.07		
	– by intensity	'000 kWh/FTE	5.82		
	Total Energy Consumption				
	– in total	'000 kWh	186.07		
	– by intensity	'000 kWh/FTE	5.82		
A2.2	**Water Consumption in total and intensity**				
	Water Consumption				
	– in total	m^3	125		
	– by intensity	m^3/FTE	3.91		
B. Social					
B1.1	**Total workforce by employment type and gender**		Male	Female	
	Full-time	No. of people	8	5	
	Part-time	No. of people	0	0	
	Total workforce by employment type and age group		Under 30	30-50	Above 50
	Full-time	No. of people	0	7	6
	Part-time	No. of people	0	0	0
B1.2	**Employee turnover rate by gender**		Male	Female	
		%	25	0	
	Employee turnover rate by age group		Under 30	30-50	Above 50
		%	0	25	0
B2.1	**Number and rate of work-related fatalities**				
	– By number	No. of people	0		
	– By rate	%	0		
B2.2	**Lost days due to work injury**				
	– Staff	Days	0		
B6.2	**Number of products and service related complaints received**				
	No. of complaints		0		
B7.1	**Number of concluded cases regarding corrupt practices brought against the company**				
	No. of cases		0		

8. ESG REPORTING GUIDE CONTENT INDEX

Aspect	KPI	Description	Section/Remarks
A. Environmental			
A1 Emissions	A1	General Disclosure	3
	A1.1	The types of emissions and respective emissions data.	The Group's operations do not have a significant impact on the environment from air emissions. Please refer to Section 3 for the Group's approach on air pollution control.
	A1.2	Greenhouse gas emissions in total and intensity	7
	A1.3	Total hazardous waste produced and intensity	Not material to the Company.
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	The Group's operations do not have a significant impact on the environment from production of non – hazardous waste. Please refer to Section 3 for the Group's approach on waste management.
	A1.5	Description of measures to mitigate emissions and results achieved	3
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	3
A2 Use of Resources	A2	General Disclosure	3
	A2.1	Direct and/or indirect energy consumption by type in total and intensity	7
	A2.2	Water consumption in total and intensity	7
	A2.3	Description of energy use efficiency initiatives and results achieved	3
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results	3
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not applicable to the Company.
A3 The Environment and Natural Resources	A3	General Disclosure	3
	A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	3

Aspect	KPI	Description	Section/Remarks
B. Social			
Employment and Labour Practices			
B1 Employment	B1	General Disclosure	4
B2 Health and Safety	B2	General Disclosure	4
	B2.1	Number and rate of work-related fatalities	7
	B2.2	Lost days due to work injury	7
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	4
B3 Development and Training	B3	General Disclosure	4
B4 Labour Standards	B4	General Disclosure	We abide by relevant employment ordinances and statutory requirements. No relevant cases of non – compliance were recorded.
Operating Practices			
B5 Supply Chain Management	B5	General Disclosure	5
B6 Product Responsibility	B6	General Disclosure	5
	B6.2	Number of products and service related complaints received and how they are dealt with	7
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	5
B7 Anti-corruption	B7	General Disclosure	4
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	7
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	7
Community			
B8 Community Investment	B8	General Disclosure	6
	B8.1	Focus areas of contribution	6

INDEPENDENT AUDITOR'S REPORT

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香港
干諾道中111號
永安中心25樓

To the shareholders of Winfull Group Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Winfull Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 47 to 127, which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(cont'd)*

Valuation of investment properties

Refer to note 16 and the Group's critical accounting estimates and judgements in relation to valuation of investment properties set out in note 4 to the consolidated financial statements

The carrying value of the Group's investment properties as at 30 June 2019 was HK$1,006,668,000. Investment properties are measured at cost on acquisition, and thereafter are carried at fair value, with any changes therein recognised in profit or loss. During the year ended 30 June 2019, the Group recognised a fair value gain of HK$18,968,000 on its investment properties.

Fair values on investment properties are determined using direct comparison approach, in which the comparable properties with 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 market value. To assist management in this judgement area, the Group engaged professionally qualified independent valuers for the property valuation exercise.

We identified valuation of investment properties as a key audit matter because of its potential significance to the consolidated financial statements as a whole, combined with management's estimations required in determining fair values.

How our audit addressed the Key Audit Matter

Our procedures on the valuation of investment properties included:

– Assessing the competency and capabilities of the independent valuers taking into account of their experience and qualifications;

– Conducting in-depth discussions with management and the independent valuers about the key assumptions and the industry norms and assessing the valuation methodology;

– Assessing the methodologies used and the appropriateness of the key assumptions used by the independent valuers and management in arriving at the fair value of investment properties; and

– Checking, on a sample basis, the accuracy and relevance of the data provided by the independent valuers and management.

KEY AUDIT MATTERS *(cont'd)*

Valuation of financial instruments

Refer to note 20 and the Group's critical accounting estimates and judgements in relation to valuation of financial instruments set out in note 4 to the consolidated financial statements

The Group has applied valuation techniques to determine the fair value of financial instruments that are not quoted in active markets. These valuation techniques, in particular those that include significant unobservable inputs, involve management using subjective judgements and assumptions. With different valuation techniques and assumptions applied, the valuation results can vary significantly.

As at 30 June 2019, the Group's unquoted financial instruments measured at fair value amounted to HK$213,710,000. Financial instruments which had significant unobservable inputs in the valuation, and hence were categorised within level 3 of the fair value hierarchy, involved a higher degree of uncertainty in their valuation.

We identified valuation of financial instruments as a key audit matter because of the degree of complexity involved in valuing the financial instruments, combined with management's judgement exercised in determining the inputs used in the valuation models.

How our audit addressed the Key Audit Matter

Our procedures on the valuation of financial instruments included:

- Enquiring the management including fund manager and assessing the methodologies used in fair value measurement and the appropriateness of key assumptions and parameters based on our knowledge of the investments;

- Obtaining management information including budgets and forecasts from the portfolio companies being valued and using these to corroborate the key inputs in the valuation model;

- Checking, on a sample basis, the accuracy and relevance of the data used such as comparing key underlying financial data inputs to external sources and investee companies' audited financial statements and management information as applicable; and

- Checking the arithmetical accuracy on the valuation model.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Au Yiu Kwan
Practising Certificate Number P05018

Hong Kong, 27 September 2019

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	6	**42,944**	638,065
Cost of sales		**(16,008)**	(464,260)
Gross profit		**26,936**	173,805
Other income	7	**22,840**	15,329
Administrative expenses and other operating expenses		**(31,650)**	(30,921)
Fair value gain of the investment properties	16	**18,968**	23,268
Fair value gain of debt instruments at FVTPL		**587**	–
Fair value gain of financial instruments at FVTPL		**4,083**	–
Loss on disposal of debt instruments at FVOCI		**(3,870)**	–
Gain on disposal of an associate	26	**–**	82,798
Gain/(Loss) on disposal of subsidiaries	33	**9,055**	(6,821)
Finance costs	9	**(2,787)**	(2,121)
Profit before income tax	8	**44,162**	255,337
Income tax expense	10	**(1,062)**	(45,004)
Profit for the year		**43,100**	210,333
Profit for the year attributable to:			
Owners of the Company		**42,997**	145,954
Non-controlling interests		**103**	64,379
		43,100	210,333
Earnings per share	12		
Basic and diluted		**HK0.77 cent**	HK2.63 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
Profit for the year		**43,100**	210,333
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Changes in fair value of equity instruments at FVOCI		**(895)**	–
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of debt instruments at FVOCI	20	**2,055**	–
Net fair value loss on available-for-sale financial assets		**–**	(5,005)
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets		**–**	(184)
Release of FVOCI reserve upon disposal of debt instruments at FVOCI		**4,167**	–
Exchange differences arising on translation of foreign operations		**2,667**	(41)
Release of non-controlling interest upon disposal of properties under development		**–**	(63,913)
Other comprehensive income for the year, net of tax		**7,994**	(69,143)
Total comprehensive income for the year		**51,094**	141,190
Total comprehensive income for the year attributable to:			
Owners of the Company		**50,991**	140,724
Non-controlling interests		**103**	466
		51,094	141,190

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**97,230**	87,563
Investment properties	16	**1,006,668**	998,852
Available-for-sale financial assets	20	**–**	248,053
Equity instruments at FVOCI	20	**9,145**	–
Financial instruments at FVTPL	20	**288,267**	–
Debt instruments at FVOCI	20	**71,194**	–
Loan receivables	19	**11,922**	–
Deposits for acquisition of property, plant and equipment		**3,572**	13,023
Deposits for acquisition of investment properties		**3,482**	9,785
Deposits for acquisition of equity instruments		**20,399**	–
		1,511,879	1,357,276
Current assets			
Properties held for trading	21	**160,939**	175,883
Properties under development	22	**15,406**	–
Trade receivables	23	**1,579**	2,706
Prepayments, deposits and other receivables		**8,337**	5,177
Loan receivables	19	**31,888**	–
Debt instruments at FVTPL	20	**15,680**	–
Cash and bank balances	24	**314,412**	511,508
Pledged bank deposits	25	**126,729**	64,599
		674,970	759,873
Current liabilities			
Accrued expenses, other payables and deposits received	27	**10,095**	33,281
Borrowings	28	**156,658**	106,139
Amounts due to non-controlling shareholders	29	**17,869**	16,009
Provision for income tax		**25,136**	25,435
		209,758	180,864
Net current assets		**465,212**	579,009
Total assets less current liabilities		**1,977,091**	1,936,285
Non-current liabilities			
Borrowings	28	**16,687**	20,308
Deferred tax liabilities	30	**9,998**	9,998
		26,685	30,306
Net assets		**1,950,406**	1,905,979

	Notes	2019 HK$'000	2018 HK$'000
EQUITY			
Share capital	31	**55,481**	55,481
Reserves		**1,895,810**	1,851,486
Equity attributable to owners of the Company		**1,951,291**	1,906,967
Non-controlling interests		**(885)**	(988)
Total equity		**1,950,406**	1,905,979

On behalf of the directors

Pong Wilson Wai San
Director

Lee Wing Yin
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows from operating activities			
Profit before income tax		**44,162**	255,337
Adjustments for:			
Interest income		**(19,084)**	(10,973)
Dividend income	7	**(535)**	(310)
Depreciation	8	**3,356**	2,134
Equity-settled share-based payments		**2,961**	–
Fair value gain on investment properties	8	**(18,968)**	(23,268)
Fair value change on debt instruments at FTVPL		**(587)**	–
Fair value change on financial instruments at FTVPL		**(4,083)**	–
Loss on disposals of debt instruments at FVOCI		**3,870**	–
Gain on disposal of properties under development		**–**	(146,795)
Gain on disposal of an associate	26	**–**	(82,798)
(Gain)/Loss on disposal of subsidiaries	33	**(9,055)**	6,821
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	7	**–**	(184)
Amounts due from a joint venture written off		**–**	11
Property, plant and equipment written off	15	**–**	128
Trade receivable written off		**–**	781
Interest expenses	9	**2,787**	2,121
Operating gain before working capital changes		**4,824**	3,005
Increase in properties held for trading		**–**	(4,449)
Increase in properties under development		**(15,405)**	(96)
Decrease/(Increase) in trade receivables		**1,127**	(473)
Increase in prepayments, deposits and other receivables		**(3,225)**	(1,683)
(Decrease)/Increase in accrued expenses and other payables		**(22,912)**	19,935
Proceeds from disposals of properties under development		**–**	531,752
Cash (used in)/generated from operations		**(35,591)**	547,991
Interest received		**19,084**	10,973
Interest paid		**(2,787)**	(2,121)
Income tax paid		**(1,360)**	(1,049)
Net cash (used in)/generated from operating activities		**(20,654)**	555,794

	Notes	2019 HK$'000	2018 HK$'000
Cash flows from investing activities			
Dividend received		535	310
Deposits for acquisition of property, plant and equipment		(3,572)	(13,023)
Increase in short-term deposits with original maturity of more than 3 months		(59,926)	(48,637)
Increase in pledged bank deposits		(62,130)	(38,290)
Increase in loan receivables		(43,810)	–
Deposit for acquisition of investment properties		(1,777)	–
Deposit for acquisition of equity instruments		(20,490)	–
Purchases of property, plant and equipment		–	(588)
Purchases of investment properties		(8,557)	(102,137)
Purchases of debt instruments at FVOCI		(26,933)	–
Purchases of debt instruments at FVTPL		(29,454)	–
Purchases of financial instruments at FVTPL		(168,011)	–
Purchases of available-for-sale financial assets		–	(196,937)
Proceeds from disposals of equity instruments at FVOCI		5,390	–
Proceeds from disposals of financial instruments at FVTPL		10,722	–
Proceeds from disposals of debt instruments at FVOCI		63,332	–
Proceeds from disposals of debt instruments at FVTPL		14,565	–
Proceeds from disposals of available-for-sale financial assets		–	24,239
Disposal of an associate		–	322,226
Disposal of subsidiaries	33	51,446	201,590
Advance to associates		–	(178,029)
Acquisition of subsidiary, net of cash acquired	32	–	(125,000)
Net cash used in investing activities		(278,670)	(154,276)
Cash flows from financing activities			
New bank borrowings raised		127,093	31,907
Repayments of borrowings		(82,046)	(11,817)
Advances from/(Repayments to) non-controlling shareholders		1,860	(298,408)
Dividends paid to owners of the Company	11	(10,000)	–
Net cash generated from/(used in) financing activities		36,907	(278,318)
Net (decrease)/increase in cash and cash equivalents		(262,417)	123,200
Cash and cash equivalents at beginning of year		302,291	178,136
Effect of foreign exchange rate change		5,394	955
Cash and cash equivalents at end of year		45,268	302,291
Analysis of balances of cash and cash equivalents	24		
Cash and bank balances		20,193	45,714
Short-term deposits		25,075	256,577
		45,268	302,291

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Equity attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Share-based payment reserve HK$'000	Revaluation reserve HK$'000	Other reserve HK$'000	Proposed final dividend HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2017	55,481	1,568,267	91	11,074	6,770	4,377	–	123,180	1,769,240	(1,454)	1,767,786
Lapse of share options	–	–	–	(2,346)	–	–	–	2,346	–	–	–
Release of other reserve upon disposal of properties under development	–	–	–	–	–	(2,997)	–	–	(2,997)	–	(2,997)
Transactions with owners	–	–	–	(2,346)	–	(2,997)	–	2,346	(2,997)	–	(2,997)
Profit for the year	–	–	–	–	–	–	–	145,954	145,954	64,379	210,333
Other comprehensive income:											
Net fair value losses on available-for-sale financial assets (note 20)	–	–	–	–	(5,005)	–	–	–	(5,005)	–	(5,005)
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets (note 7)	–	–	–	–	(184)	–	–	–	(184)	–	(184)
Exchange differences arising on translation of foreign operations	–	–	(41)	–	–	–	–	–	(41)	–	(41)
Release of non-controlling interests upon disposal of properties under development	–	–	–	–	–	–	–	–	–	(63,913)	(63,913)
Total comprehensive income for the year	–	–	(41)	–	(5,189)	–	–	145,954	140,724	466	141,190
2018 proposed final dividend	–	–	–	–	–	–	10,000	(10,000)	–	–	–
At 30 June 2018	55,481	1,568,267	50	8,728	1,581	1,380	10,000	261,480	1,906,967	(988)	1,905,979

	Equity attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Share-based payment reserve HK$'000	Revaluation reserve HK$'000	FVOCI reserve HK$'000	Other reserve HK$'000	Proposed final dividend HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2018 as originally presented	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 2)	–	–	–	–	(1,581)	(4,277)	–	–	6,230	372	–	372
At 1 July 2018 as restated	55,481	1,568,267	50	8,728	–	(4,277)	1,380	10,000	267,710	1,907,339	(988)	1,906,351
2018 final dividend paid (note 11)	–	–	–	–	–	–	–	(10,000)	–	(10,000)	–	(10,000)
Equity-settled share-based payments	–	–	–	2,961	–	–	–	–	–	2,961	–	2,961
Lapse of share options	–	–	–	(444)	–	–	–	–	444	–	–	–
Transactions with owners	–	–	–	2,517	–	–	–	(10,000)	444	(7,039)	–	(7,039)
Profit for the year	–	–	–	–	–	–	–	–	42,997	42,997	103	43,100
Other comprehensive income:												
Changes in fair value of equity instruments at FVOCI (note 20)	–	–	–	–	–	(895)	–	–	–	(895)	–	(895)
Changes in fair value of debts instruments at FVOCI (note 20)	–	–	–	–	–	2,055	–	–	–	2,055	–	2,055
Release of FVOCI reserve upon disposals of debts instruments at FVOCI	–	–	–	–	–	4,167	–	–	–	4,167	–	4,167
Release of FVOCI reserve upon disposals of equity instruments at FVOCI	–	–	–	–	–	(876)	–	–	876	–	–	–
Exchange differences arising on translation of foreign operations	–	–	2,667	–	–	–	–	–	–	2,667	–	2,667
Total comprehensive income for the year	–	–	2,667	–	–	4,451	–	–	43,873	50,991	103	51,094
At 30 June 2019	55,481	1,568,267	2,717	11,245	–	174	1,380	–	312,027	1,951,291	(885)	1,950,406

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.

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 17. 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 47 to 127 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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

2. ADOPTION OF NEW AND AMENDED HKFRSs

2.1 Adoption of new and amended HKFRSs

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 2018:

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKAS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

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

2. ADOPTION OF NEW AND AMENDED HKFRSS *(cont'd)*

2.1 Adoption of new and amended HKFRSs *(cont'd)*

A. HKFRS 9 – Financial Instruments ("HKFRS 9")

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 July 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

The following tables summarised the impact, net of tax, of transition to HKFRS 9 on the opening balance of reserves and retained profits as of 1 July 2018 as follows (increase/(decrease)):

	Revaluation reserve HK$'000	FVOCI reserve HK$'000	Retained profits HK$'000
As at 30 June 2018	1,581	–	261,480
Reclassify investments from available-for-sale at fair value to FVOCI (note 2.1A(i) below)	4,277	(4,277)	–
Reclassify investments from available-for-sale at fair value to FVTPL (note 2.1A(i) below)	(5,858)	–	5,858
Increase in fair value in financial instruments at FVTPL (note 2.1A(i) below)	–	–	372
Restated as at 1 July 2018	–	(4,277)	267,710

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. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

2. ADOPTION OF NEW AND AMENDED HKFRSS *(cont'd)*

2.1 Adoption of new and amended HKFRSs *(cont'd)*

A. HKFRS 9 – Financial Instruments ("HKFRS 9") (cont'd)

(i) Classification and measurement of financial instruments (cont'd)

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2. ADOPTION OF NEW AND AMENDED HKFRSS *(cont'd)*

2.1 Adoption of new and amended HKFRSs *(cont'd)*

A. HKFRS 9 – Financial Instruments ("HKFRS 9") (cont'd)

(i) Classification and measurement of financial instruments (cont'd)

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	These are subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised costs	These are subsequently measured using effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
FVOCI (debt instruments)	These are subsequently measured at fair value. Interest income calculated using effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
FVOCI (equity instruments)	These are subsequently measured at fair value through other comprehensive income are measured at fair value. Dividend income is recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

(a) As of 1 July 2018, certain investment in listed equity investments were reclassified from available-for-sale financial assets to FVOCI. The Group intends to hold these equity investments for long term strategic purposes. Under HKFRS 9, the Group has designated these equity investments at the date of initial application as measured at FVOCI. As a result, financial assets with a fair value of HK$15,430,000 were reclassified from available-for-sale financial assets at fair value to equity investments at FVOCI.

(b) In addition to (a) above, listed debt investments were reclassified from available-for-sale to FVOCI, as the Group's business model is to collect contractual cash flow and sell these financial assets. These listed debt investments meet the SPPI criterion. As such, listed debt investments with a fair value of HK$104,348,000 were reclassified from available-for-sale investments to debt investments at FVOCI.

(c) As of 1 July 2018, certain unquoted equity investments were reclassified from available-for-sale financial assets at cost to FVTPL. These unquoted equity investments have no quoted price in an active market.

(d) As of 1 July 2018, certain unquoted investment funds were reclassified from available-for-sale at fair value to FVTPL. As a result, these unquoted investment funds with a fair value of HK$30,804,000 were reclassified from available-for-sale investments to financial instruments at FVTPL.

(e) In addition to (d) above, certain unquoted investment funds were reclassified from available-for-sale financial assets at cost to FVTPL. At 1 July 2018, the difference between the previous carrying amount and the fair value of HK$372,000 has been included in the opening retained profits. Also, these unquoted investment funds with a fair value of HK$44,403,000 were reclassified from available-for-sale investments to financial instruments at FVTPL.

2. ADOPTION OF NEW AND AMENDED HKFRSS *(cont'd)*

2.1 Adoption of new and amended HKFRSs *(cont'd)*

A. HKFRS 9 – Financial Instruments ("HKFRS 9") (cont'd)

(i) Classification and measurement of financial instruments (cont'd)

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 July 2018:

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 1 July 2018 under HKAS 39 HK$'000	Carrying amount as at 1 July 2018 under HKFRS 9 HK$'000
Listed equity securities	Available-for-sale (at fair value) (note 2.1A(i)(a))	FVOCI	15,430	15,430
Listed debt investments	Available-for-sale (at fair value) (note 2.1A(i)(b))	FVOCI	104,348	104,348
Unlisted equity securities	Available-for-sale (at cost) (note 2.1A(i)(c))	FVTPL	53,441	53,441
Unlisted investment funds	Available-for-sale (at fair value) (note 2.1A(i)(d))	FVTPL	30,804	30,804
Unlisted investment funds	Available-for-sale (at cost) (note 2.1A(i)(e))	FVTPL	44,030	44,402
Trade receivables	Loans and receivables	Amortised cost	2,706	2,706
Other receivables	Loans and receivables	Amortised cost	4,868	4,868
Cash and bank balances	Loans and receivables	Amortised cost	511,508	511,508
Pledged bank deposits	Loans and receivables	Amortised cost	64,599	64,599

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognised ECL for trade receivables, financial assets at amortised costs and debt investment at FVOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

2. ADOPTION OF NEW AND AMENDED HKFRSS *(cont'd)*

2.1 Adoption of new and amended HKFRSs *(cont'd)*

A. HKFRS 9 – Financial Instruments ("HKFRS 9") (cont'd)

(ii) Impairment of financial assets (cont'd)

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group's debt investment at FVOCI are considered to have low credit risk since the issuers' credit rating are high.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investments at FVOCI, loss allowance is recognised in other comprehensive income, instead of reducing the carrying amount of the assets.

Impact of the ECL model

The Group has reviewed and assessed its trade receivables, financial assets at amortised costs and debt investments at FVOCI for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9 and considered the application of ECL model has no significant impact to the consolidated financial statements of the Group as at 1 July 2018.

2. ADOPTION OF NEW AND AMENDED HKFRSS *(cont'd)*

2.1 Adoption of new and amended HKFRSs *(cont'd)*

A. HKFRS 9 – Financial Instruments ("HKFRS 9") (cont'd)

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

(iv) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 30 June 2018, but are recognised in the statement of financial position on 1 July 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained profits and reserves as at 1 July 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "DIA"):

- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- The designation of certain investments in equity investments not held for trading as at FVOCI.

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

B. HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 July 2018). As a result, the financial information presented for 2018 has not been restated.

The Group has reassessed its business model and contract terms to assess the effects of applying the new standard on the Group's financial statements. The directors of the Company considered that HKFRS 15 did not result in significant impact on the Group's accounting policies.

2. ADOPTION OF NEW AND AMENDED HKFRSS *(cont'd)*

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.

HKFRS 16	Leases [1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments [1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations, HKFRS 11, Joint Arrangements, HKAS 12, Income Taxes and HKAS 23, Borrowing Costs [1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation [1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures [1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]
Amendments to HKAS 1 and HKAS 8	Definition of Material [2]
Amendments to HKFRS 3	Definition of a Business [2]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after 1 January 2020
[3] The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

Those new/revised HKFRSs that might have material impact on the Group's financial statements are set out below:

HKFRS 16 – Leases ("HKFRS 16")

HKFRS 16, which upon the effective date will supersede HKAS 17 Leases and related interpretations, 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 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 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.

2. ADOPTION OF NEW AND AMENDED HKFRSS *(cont'd)*

2.2 New and amended HKFRSs that have been issued but are not yet effective *(cont'd)*

HKFRS 16 – Leases ("HKFRS 16") (cont'd)

The Group will adopt HKFRS 16 from 1 July 2019. The Group plans to adopt the transitional provisions in HKFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 July 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying HKAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the consolidated statement of financial position immediately before the date of initial application.

The Group assessed the impacts of adopting HKFRS 16 on its consolidated financial statements is immaterial as the Group has no future minimum lease payments under non-cancellable operating leases in respect of a property as at 30 June 2019 (note 35).

Except as described above, the directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the Group's consolidated financial statements in the future.

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 certain financial instruments 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.1 Basis of preparation *(cont'd)*

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, 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.

Acquisition of businesses is accounted for using acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

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.

3.2 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.

3.3 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.3 Associates *(cont'd)*

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.

3.4 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.5 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	2% or over the lease terms, whichever is shorter
Furniture, fixtures and equipment	10% to 30%
Motor vehicles	20%
Leasehold improvements	10% to 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.

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.

3.6 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 and associates

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.7 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.

3.8 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

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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.

3.9 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.

3.10 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.

3.11 Financial instruments (accounting policies applied from 1 July 2018)

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.11 Financial instruments (accounting policies applied from 1 July 2018) *(cont'd)*

(i) Financial assets (cont'd)

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.11 Financial instruments (accounting policies applied from 1 July 2018) *(cont'd)*

(ii) Impairment loss on financial assets

The Group recognises loss allowances for ECL on trade receivables, financial assets measured at amortised cost and debt instruments measured at FVOCI. ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on gross carrying amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.11 Financial instruments (accounting policies applied from 1 July 2018) *(cont'd)*

(iii) Financial liabilities

The Group 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 including trade and other payables, rental deposits received, borrowings and amounts due to non-controlling shareholders are subsequently measured at amortised cost, using 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

This is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. 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) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer 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 original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in note 3.11(ii); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.12 Financial instruments (accounting policies applied until 30 June 2018)

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. Accordingly, the comparative financial information provided continues to be accounted for in accordance with the group's previous accounting policy.

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at FVTPL are initially measured at fair value and all other 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

These assets 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.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.12 Financial instruments (accounting policies applied until 30 June 2018) *(cont'd)*

(ii) Impairment loss on financial assets

The Group 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;

– 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 include 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.

Loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the 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 loss is not reversed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.12 Financial instruments (accounting policies applied until 30 June 2018) *(cont'd)*

(iii) Financial liabilities

There are no changes in accounting policies on financial liabilities and these are described in note 3.11(iii).

(iv) Effective interest method

There are no changes in accounting policies on effective interest method and these are described in note 3.11(iv).

(v) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer 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 original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

(vi) Derecognition

There are no changes in accounting policies on derecognition and these are described in note 3.11(vi).

3.13 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.

3.14 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.15 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.

3.16 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.

3.17 Revenue recognition (accounting policies applied from 1 July 2018)

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.17 Revenue recognition (accounting policies applied from 1 July 2018) *(cont'd)*

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(i) Revenue from trading of property and sale of properties under development

Revenue arising from trading of property and sale of properties under development is recognised when control over the ownership of the property has been passed to the buyer, which is the point in time when the buyer has the ability to direct the use of the property and obtain substantially all the benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under contract liabilities.

(ii) Rental income from operating leases

Rental income from properties leasing under operating leases is recognised on a straight-line basis over the lease terms. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivables.

(iii) Revenue from trading of securities

Revenue arising from trading of securities is recognised when control over the ownership of the security has been passed to the buyer, which is the point in time when the buyer has the ability to direct the use of the security and obtain substantially all the benefits of the security.

(iv) Other revenue

Renovation service income are recognised when the services are rendered;

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate; and

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

3.18 Revenue recognition (accounting policies applied until 30 June 2018)

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:

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;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.18 Revenue recognition (accounting policies applied until 30 June 2018) *(cont'd)*

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 are recognised when the services are rendered; and

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

3.19 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.19 Income tax *(cont'd)*

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.

3.20 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.21 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.

3.22 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 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 landing 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.22 Segment reporting *(cont'd)*

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.

3.23 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.23 Related parties *(cont'd)*

(b) *(cont'd)*

(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.

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

Net realisable value of properties under development 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 are accounted for at the lower of cost and net realisable value.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(cont'd)*

4.2 Impairment of financial assets

The Group reviews its portfolios to assess impairment at the end of each reporting period. In determining whether an impairment should be recorded in profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio before the decrease can be identified with an individual in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of the debtors, or both current and forecast general economic conditions. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

4.3 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.

4.4 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.

4.5 Fair value of financial instruments

Fair values of financial instruments that are not quoted in active markets are determined by using various valuation techniques according to the nature of the financial instruments. These include third party price quotation, a discounted cash flow and option pricing models. These models are built by reputable system suppliers and are widely used in the market. They are reviewed and calibrated by the independent professional valuers. Management judgement and estimates are required for the selection of appropriate valuation parameters, assumptions and modelling techniques.

5. SEGMENT INFORMATION

The executive directors have identified the Group's five (2018: three) product and service lines as operating segments as further described in note 3.22. 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 (2018: nil).

	2019					
	Property Development Business HK$'000	Property Investment and Trading Business HK$'000	Renovation Business HK$'000	Security Investment and Trading Business HK$'000	Money Lending Business HK$'000	Total HK$'000
Reportable segment revenue:						
From external customers	–	27,841	–	14,565	538	42,944
Reportable segment profit/(loss)	(123)	48,425	(17)	1,198	407	49,890
Bank interest income	–	15	1	30	1	47
Depreciation	–	2,154	5	–	–	2,159
Fair value gain on investment properties	–	18,968	–	–	–	18,968
Gain on disposal of subsidiaries	–	9,055	–	–	–	9,055
Reportable segment assets	36,742	1,306,045	9	16,912	10,034	1,369,742
Additions to non-current assets	–	483,289	–	–	–	483,289
Reportable segment liabilities	26,597	108,088	17	6	9	134,717

	2018					
	Property Development Business HK$'000 (Restated)	Property Investment and Trading Business HK$'000 (Restated)	Renovation Business HK$'000 (Restated)	Security Investment and Trading Business HK$'000 (Restated)	Money Lending Business HK$'000 (Restated)	Total HK$'000 (Restated)
Reportable segment revenue:						
From external customers	609,893	28,172	–	–	–	638,065
Reportable segment profit/(loss)	229,412	32,110	(19)	–	(12)	261,491
Bank interest income	–	32	–	–	–	32
Depreciation	–	2,114	8	–	–	2,122
Fair value gain on investment properties	–	23,268	–	–	–	23,268
Gain on disposal of an associate	82,798	–	–	–	–	82,798
Loss on disposal of a subsidiary	–	(6,821)	–	–	–	(6,821)
Reportable segment assets	90	1,302,176	856	–	1,990	1,305,112
Additions to non-current assets	–	117,771	–	–	–	117,771
Reportable segment liabilities	44,378	117,037	16	8	–	161,439

5. 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:

	2019 HK$'000	2018 HK$'000 (Restated)
Revenue		
Reportable segment revenue	**42,944**	638,065
Consolidated revenue	**42,944**	638,065
Profit before income tax		
Reportable segment profit	**49,890**	261,491
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	**–**	184
Fair value gain of financial instruments at FVTPL	**4,083**	–
Loss on disposal of debt instruments at FVOCI	**(3,870)**	–
Interest income	**17,961**	10,941
Dividend income	**535**	310
Exchange (losses)/gain, net	**(2,572)**	329
Equity-settled share-based payment	**(2,961)**	–
Corporate salaries and allowances	**(9,955)**	(10,360)
Corporate professional fees	**(4,474)**	(4,128)
Depreciation on corporate property, plant and equipment	**(1,197)**	(12)
Unallocated corporate income	**675**	556
Unallocated corporate expenses	**(3,953)**	(3,974)
Consolidated profit before income tax	**44,162**	255,337
Assets		
Reportable segment assets	**1,369,742**	1,305,112
Property, plant and equipment	**11,829**	2
Available-for-sale financial assets	**–**	248,053
Equity instruments at FVOCI	**9,145**	–
Financial instruments at FVTPL	**263,491**	–
Debt instruments at FVOCI	**71,194**	–
Loan receivables	**21,888**	–
Deposits for acquisition of property, plant and equipment	**3,572**	13,023
Corporate cash and bank balances	**303,549**	482,336
Pledged bank deposits	**126,729**	64,599
Interest receivables	**5,548**	3,977
Other corporate assets	**162**	47
Consolidated total assets	**2,186,849**	2,117,149
Liabilities		
Reportable segment liabilities	**134,717**	161,439
Corporate bank borrowings	**101,461**	49,425
Other corporate liabilities	**265**	306
Consolidated total liabilities	**236,443**	211,170

5. 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	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Hong Kong	**36,223**	632,632	**1,411,811**	1,267,343
United Kingdom	**5,983**	5,433	**80,954**	81,852
Japan	**738**	–	**19,114**	8,081
	42,944	638,065	**1,511,879**	1,357,276

Geographical location of customers is based on the location at which the services were provided and the goods were delivered. Geographical location of non-current assets is based on the physical location of the assets.

During the year, there was neither revenue from external customers attributable to the Cayman Islands (domicile) (2018: nil) nor non-current assets were located in the Cayman Islands (2018: nil). The country of domicile is the country where the Company was incorporated.

Revenue from the major customers is as follows:

	2019 HK$'000	2018 HK$'000
Customer A (note)	**–**	609,893

Note: Derived from the Property Development Business.

Timing of revenue recognition is as follows:

	Property Development Business		Property Investment and Trading Business		Renovation Business		Security Investment and Trading Business		Money Lending Business		Total	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
At a point in time	**–**	609,893	**–**	–	**–**	–	**–**	–	**–**	–	**–**	609,893
Revenue from other source	**–**	–	**27,841**	28,172	**–**	–	**14,565**	–	**538**	–	**42,944**	28,172
	–	609,893	**27,841**	28,172	**–**	–	**14,565**	–	**538**	–	**42,944**	638,065

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:

	2019 HK$'000	2018 HK$'000
Revenue from contract with customer		
Sale of properties under development	–	609,893
Revenue from other source		
Rental income from investment properties	27,841	28,172
Sale of securities	14,565	–
Interest income from money lending	538	–
	42,944	638,065

7. OTHER INCOME

	2019 HK$'000	2018 HK$'000
Interest income	18,546	10,973
Dividend income	535	310
Exchange gain, net	–	329
Rental income from properties held for trading	3,018	1,319
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	–	184
Sundry income	741	2,214
	22,840	15,329

8. PROFIT BEFORE INCOME TAX

	2019 HK$'000	2018 HK$'000
Profit before income tax is arrived at after charging/(crediting) the following:		
Auditor's remuneration	520	480
Cost of inventories recognised as expense, including:		
Cost of properties sold	–	463,098
Depreciation (note 15)	3,356	2,134
Employee costs (note 13)	15,090	18,320
Exchange losses/(gain), net	2,572	(329)
Fair value gain on investment properties (note 16)	(18,968)	(23,268)
Gain on disposal of an associate (note 26)	–	(82,798)
(Gain)/Loss on disposal of subsidiaries (note 33)	(9,055)	6,821
Minimum lease payments under operating lease rentals for buildings	262	–

9. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
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	2,787	2,121

10. INCOME TAX EXPENSE

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying group entities in Hong Kong that are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%. The profits of group entities in Hong Kong that are not qualifying for the two-tired profits tax rate regime will continue be taxed at a flat rate of 16.5%.

Accordingly, starting from current financial year, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million or the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. In 2018, Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits. 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:

	2019 HK$'000	2018 HK$'000
Current tax – Hong Kong		
Provision for the year	43	37,100
Under-provision in respect of prior years	–	19
	43	37,119
Current tax – Overseas		
Provision for the year	1,019	786
	1,062	37,905
Deferred tax (note 30)	–	7,099
Total income tax expense	1,062	45,004

10. INCOME TAX EXPENSE *(cont'd)*

Reconciliation between tax expense and accounting profit at applicable tax rates:

	2019 **HK$'000**	2018 HK$'000
Profit before income tax	**44,162**	255,337
Notional tax on profit or loss before income tax, calculated at the rates applicable to profits in the countries concerned	**7,429**	42,395
Tax effect of non-deductible expenses	**1,704**	3,451
Tax effect of non-taxable revenue	**(7,987)**	(8,127)
Tax effect of temporary difference not recognised	**363**	6,793
Tax effect of prior year's unrecognised tax loss utilised this year	**(547)**	–
Tax effect of unused tax losses not recognised	**100**	473
Under-provision in prior years	**–**	19
Income tax expense	**1,062**	45,004

11. DIVIDENDS

(a) Dividend attributed to the year:

	2019 **HK$'000**	2018 HK$'000
No proposed final dividend for the year (2018: HK$0.18 cent per share)	**–**	10,000

(b) Dividend attributable to previous year approved and paid during the year:

	2019 **HK$'000**	2018 HK$'000
Final dividend paid in respect of prior year of HK$0.18 cent (2018: nil) per share	**10,000**	–

12. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the year ended 30 June 2019 is based on profit for the year attributable to owners of the Company of HK$42,997,000 (2018: HK$145,954,000).

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise prices of those share options were higher than the average market price of the Company's shares for the years ended 30 June 2019 and 2018.

13. EMPLOYEE COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2019 HK$'000	2018 HK$'000
Salaries, allowances and benefits in kind	**11,045**	10,243
Staff bonus	**1,008**	7,960
Equity-settled share-based payments (note 34)	**2,961**	–
Pension costs – defined contribution plans	**76**	117
	15,090	18,320

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

(a) Directors' emoluments

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

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Bonus HK$'000	Equity-settled share-based payments HK$'000	Pension cost – defined contribution plans HK$'000	Total HK$'000
Year ended 30 June 2019						
Executive directors						
Mr. Pong Wai San Wilson	**6,198**	**–**	**1,008**	**2,431**	**18**	**9,655**
Mr. Lee Wing Yin	**1,230**	**–**	**–**	**294**	**18**	**1,542**
Mr. Ngan Man Ho (resigned on 28 September 2018)	**317**	**–**	**–**	**–**	**5**	**322**
Non-executive director						
Mr. Lai Hin Wing Henry	**121**	**–**	**–**	**59**	**–**	**180**
Independent non-executive directors						
Mr. Koo Fook Sun Louis	**121**	**–**	**–**	**59**	**–**	**180**
Mr. Lung Hung Cheuk	**121**	**–**	**–**	**59**	**–**	**180**
Ms. Yeung Wing Yan Wendy	**121**	**–**	**–**	**59**	**–**	**180**
	8,229	**–**	**1,008**	**2,961**	**41**	**12,239**
Year ended 30 June 2018						
Executive directors						
Mr. Pong Wai San Wilson	5,904	–	7,960	–	18	13,882
Mr. Lee Wing Yin	1,140	–	–	–	18	1,158
Mr. Ngan Man Ho (resigned on 28 September 2018)	864	–	–	–	18	882
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
	8,392	–	7,960	–	54	16,406

14. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS *(cont'd)*

(a) Directors' emoluments *(cont'd)*

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2018: nil).

(b) Five highest paid individuals

Of the five individuals whose emoluments were the highest in the Group for the year ended 30 June 2019, two (2018: three) are directors whose emoluments are reflected in the analysis presented above. The emoluments paid/payable to the three (2018: two) individuals for the years ended 30 June 2019 and 2018 are as follows:

	2019 HK$'000	2018 HK$'000
Salaries, allowances and benefits in kind	**1,304**	779
Pension costs – defined contribution plans	**46**	32
	1,350	811

Their emoluments fell within the following band:

	Number of individuals	
	2019	2018
Emolument band		
Nil to HK$1,000,000	**3**	2

During the years ended 30 June 2019 and 2018, 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 (2018: nil).

15. 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 2017					
Cost	87,600	448	2,692	2,668	93,408
Accumulated depreciation	–	(422)	(1,209)	(2,668)	(4,299)
Net carrying amount	87,600	26	1,483	–	89,109
Year ended 30 June 2018					
Opening net book amount	87,600	26	1,483	–	89,109
Additions	–	–	588	–	588
Acquisition of assets and liabilities through acquisition of a subsidiary (note 32)	–	–	–	128	128
Written off	–	–	–	(128)	(128)
Depreciation	(1,752)	(19)	(363)	–	(2,134)
Closing net book amount	85,848	7	1,708	–	87,563
At 30 June 2018 and 1 July 2018					
Cost	87,600	448	3,280	2,668	93,996
Accumulated depreciation	(1,752)	(441)	(1,572)	(2,668)	(6,433)
Net carrying amount	85,848	7	1,708	–	87,563
Year ended 30 June 2019					
Opening net book amount	**85,848**	**7**	**1,708**	**–**	**87,563**
Additions	**–**	**–**	**–**	**13,023**	**13,023**
Depreciation	**(1,752)**	**(7)**	**(403)**	**(1,194)**	**(3,356)**
Closing net book amount	**84,096**	**–**	**1,305**	**11,829**	**97,230**
At 30 June 2019					
Cost	**87,600**	**448**	**3,280**	**15,691**	**107,019**
Accumulated depreciation	**(3,504)**	**(448)**	**(1,975)**	**(3,862)**	**(9,789)**
Net carrying amount	**84,096**	**–**	**1,305**	**11,829**	**97,230**

As at 30 June 2019, the Group's leasehold properties and certain investment properties (note 16) with net carrying amount of HK$84,096,000 (2018: HK$85,848,000) and HK$548,654,000 (2018: HK$542,852,000) respectively were pledged to secure bank loans of HK$71,884,000 (2018: HK$77,022,000) (note 28).

16. INVESTMENT PROPERTIES

	2019 HK$'000	2018 HK$'000
Fair value:		
At the beginning of the year	998,852	1,067,594
Additions	16,638	117,771
Transferred from properties held for trading	14,977	–
Disposals of subsidiaries (note 33)	(42,600)	(211,000)
Change in fair value	18,968	23,268
Exchange difference	(167)	1,219
At the end of the year	1,006,668	998,852

Analysis of carrying amount of investment properties is as follows:

	2019 HK$'000	2018 HK$'000
In Hong Kong		
– 10 to 50 years (medium leases)	111,214	88,200
– Over 50 years (long leases)	795,386	828,800
	906,600	917,000
In Japan		
– Freehold	19,114	–
In United Kingdom		
– Freehold	80,954	81,852
	1,006,668	998,852

The fair value of the Group's investment properties at 30 June 2019 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 2019 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.

16. INVESTMENT PROPERTIES *(cont'd)*

Significant unobservable inputs	Range
Quality of properties	–20% to 5% (2018: –30% to 20%)

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.

17. 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 2019 are as follows:

	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital	Percentage of ownership interests/ voting rights/profit share Directly 2019	Directly 2018	Indirectly 2019	Indirectly 2018	Principal activities
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	100	Property investment
Baronesa Limited	BVI	Ordinary, US$1	–	–	100	100	Property investment
Brilliant Icon Limited	BVI	Ordinary, US$100	–	–	51	51	Property investment
Celestial Tower Limited	BVI	Ordinary, US$1	–	–	100	100	Property investment
Clear Access Global Limited	BVI	Ordinary, US$1	–	–	100	100	Property investment
Costal Talent Limited	BVI	Ordinary, US$1	–	–	100	100	Property investment
Double Achiever Limited	BVI	Ordinary, US$1	–	–	100	100	Property investment
Enviro Global Limited (note)	BVI	Ordinary, US$1	–	–	–	100	Property investment
Flexwood Limited	BVI	Ordinary, US$1	–	–	100	100	Property investment
Formal Focus Limited	BVI	Ordinary, US$1	–	–	100	100	Property investment
Just Central Limited	BVI	Ordinary, US$1	–	–	100	100	Property investment
Monilea Limited	BVI	Ordinary, US$1	–	–	100	100	Property investment
Sonic Returns Limited (note)	BVI	Ordinary, US$1	–	–	–	100	Property investment
Next Excel Limited	BVI	Ordinary, US$1	–	–	100	100	Property investment
Wealth Tool Limited	BVI	Ordinary, US$1	–	–	100	100	Property investment
Record Champion Limited *	BVI	Ordinary, US$1	–	–	100	100	Property trading
Virtus Architects Limited	HK	Ordinary, HK$1	–	–	100	100	Provision of renovation services
Moseley No50 Ltd #	UK	Ordinary, British Pounds ("GBP") 1	–	–	87.5	–	Property development
Luckwise Investment Limited	HK	Ordinary, HK$1	–	–	100	–	Security investment and trading
Fast Luck Finance Limited	HK	Ordinary, HK$1	–	–	100	100	Money lending

* newly acquired in 2018 (note 32)
\# newly incorporated on 16 October 2018

17. SUBSIDIARIES *(cont'd)*

Note:

On 13 July 2018, the Group entered into the provisional sale and purchase agreements to dispose of the entire equity and all the outstanding shareholder's loan of Enviro Global Limited for a cash consideration of HK$19,070,500 and the entire equity and all the outstanding shareholder's loan of Sonic Returns Limited for a cash consideration of HK$33,669,000, respectively. These transactions were completed on 19 October 2018.

18. INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM ASSOCIATES

	2019 HK$'000	2018 HK$'000
Non-current		
Share of net assets	**–**	–
Transferred to assets of a disposal group classified as held for sale (note 26)	**–**	–
	–	–
Current		
Due from associates	**–**	178,029
Transferred to assets of a disposal group classified as held for sale (note 26)	**–**	(178,029)
	–	–

As at 30 June 2018, amounts due from associates were unsecured, interest-free and repayable on demand.

18. INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM ASSOCIATES *(cont'd)*

Particulars of associate as at 30 June 2019 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
Gora Holdings Limited	10 ordinary shares of US$1 each (2018: 10 ordinary share)	BVI	Incorporated	30%	Investment holding

The associate adopts its financial year end dates on 31 December.

The aggregated amounts of financial information as extracted from the financial statements of associate for the year ended 30 June 2019 are as follows:

	2019 **HK$'000**	2018 HK$'000
Current assets	**–**	–
Non-current assets	**–**	–
Current liabilities	**50**	380
Revenue	**–**	–
Loss for the year	**–**	–

18. INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM ASSOCIATES *(cont'd)*

The Group has discontinued the recognition of its share of losses of associate because the share of losses of the associate had exceeded the Group's interests in it. The amounts of unrecognised share of the associate, extracted from the financial statements of associate, both for the year ended 30 June 2019 and 2018 and cumulatively, are as follows:

	2019 HK$'000	2018 HK$'000
Unrecognised share of loss of associate for the year	**(2)**	–
Accumulated unrecognised share of losses of associate	**(16)**	(14)

19. LOAN RECEIVABLES

	2019 HK$'000	2018 HK$'000
Loan receivables	**43,810**	–
Reconciliation to the consolidated statement of financial position:		
Non-current	**31,888**	–
Current	**11,922**	–
	43,810	–

Notes:

(a) The balances are interest-bearing at 7.5% to 15.2% 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.

20. OTHER FINANCIAL ASSETS

	Measured at FVOCI		Measured at FVTPL		Available-for-sale	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Non-current						
Equity instruments:						
– Listed in Hong Kong (note)	**9,145**	–	**–**	–	**–**	15,430
Financial instruments						
– Unlisted outside Hong Kong	**–**	–	**90,055**	–	**–**	53,441
– Unlisted investment funds	**–**	–	**198,212**	–	**–**	74,834
	–	–	**288,267**	–	**–**	128,275
Debt instruments						
– Listed in Hong Kong	**28,980**	–	**–**	–	**–**	45,831
– Listed outside Hong Kong	**42,214**	–	**–**	–	**–**	58,517
	71,194	–	**–**	–	**–**	104,348
	80,339	–	**288,267**	–	**–**	248,053
Current						
Debt instruments:						
– Listed in Hong Kong	**–**	–	**7,844**	–	**–**	–
– Listed outside Hong Kong	**–**	–	**7,836**	–	**–**	–
	–	–	**15,680**	–	**–**	–

20. 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		Available-for-sale financial assets	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Net carrying amount at beginning of the year	**–**	–	**–**	–	**–**	–	**–**	–	**248,053**	80,360
Effect on adoption of HKFRS 9 (note 2.1A(i))	**–**	–	**–**	–	**–**	–	**372**	–	**–**	–
Reclassification (note 2.1A(i))	**15,430**	–	**104,348**	–	**–**	–	**128,275**	–	**(248,053)**	–
Net carrying amount at beginning of the year, after adoption of HKFRS 9	**15,430**	–	**104,348**	–	**–**	–	**128,647**	–	**–**	80,360
Additions	**–**	–	**26,933**	–	**29,454**	–	**168,011**	–	**–**	196,937
Disposals	**(5,390)**	–	**(62,142)**	–	**(14,362)**	–	**(10,722)**	–	**–**	(24,239)
Changes in fair value credited to profit and loss	**–**	–	**–**	–	**587**	–	**4,083**	–	**–**	–
Changes in fair value (debited)/credited to FVOCI reserve (2018: revaluation reserve)	**(895)**	–	**2,055**	–	**–**	–	**–**	–	**–**	(5,005)
Exchange difference	**–**	–	**–**	–	**1**	–	**(1,752)**	–	**–**	–
Net carrying amount at end of the year	**9,145**	–	**71,194**	–	**15,680**	–	**288,267**	–	**–**	248,053

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$9,145,000 (2018: HK$15,430,000), HK$86,874,000 (2018: HK$104,348,000) and HK$74,557,000 (2018: HK$30,804,000) respectively are measured at fair value which has been determined directly by reference to published price and quotations in active markets (2018: same).

Unlisted equity instruments and unlisted investment funds with carrying amounts of HK$90,055,000 (2018: HK$53,441,000) and HK$123,655,000 (2018: HK$36,316,000) 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 (2018: measured at cost less impairment losses).

20. OTHER FINANCIAL ASSETS *(cont'd)*

As at 30 June 2019, debt instruments measured at FVOCI were determined to be impaired in accordance with the policy set out in note 3.11(ii). In 2019, no impairment on these investments was recognised in profit or loss. As at 30 June 2019, no debt instruments measured at FVOCI was impaired.

As at 30 June 2018, available-for-sale financial assets were individually determined to be impaired in accordance with the policy set out in note 3.12(ii). In 2018, no impairment on these investments was recognised in profit or loss. As at 30 June 2018, the fair value of individual impaired available-for-sale assets was HK$2,635,000.

21. PROPERTIES HELD FOR TRADING

	2019 HK$'000	2018 HK$'000
In Hong Kong		
– 10 to 50 years (medium leases)	**160,939**	160,906
– Over 50 years (long leases)	**–**	14,977
	160,939	175,883

On 21 June 2019, 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 amounted to HK$14,977,000 from "properties held for trading" to "investment properties" for the long term investment. This property is held for capital appreciation rather than held for trading in its ordinary course of business that is evidenced by inception of an operating lease to another party in accordance with HKAS 40. This property has been transferred to investment properties in the year.

22. PROPERTIES UNDER DEVELOPMENT

Properties under development are lease freehold and located in United Kingdom.

	2019 HK$'000	2018 HK$'000
At cost:		
At the beginning of the year	**–**	450,192
Additions	**15,406**	96
Disposal	**–**	(450,288)
At the end of the year	**15,406**	–

23. 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 2019 and 30 June 2018 were aged within 90 days.

All trade receivables are subject to credit risk exposure. Impairment on trade receivables is recognised based on the accounting policy stated in note 3.11(ii) and 3.12(ii) for the years ended 30 June 2019 and 2018 respectively.

Based on the due dates, no trade receivables as at 30 June 2019 and 30 June 2018 was past due nor impaired.

As at 30 June 2019, there was no amount denominated in a currency other than the functional currency of the entity to which they relate (2018: 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.

24. CASH AND BANK BALANCES

	2019 HK$'000	2018 HK$'000
Cash and bank balances	**20,193**	45,714
Short-term deposits	**294,219**	465,794
Total cash and bank balances as stated in the consolidated statement of financial position	**314,412**	511,508
Short-term deposits with an original maturity of more than three months	**(269,144)**	(209,217)
Cash and cash equivalents for the presentation of the consolidated statement of cash flows	**45,268**	302,291

Cash at banks earn interest at rates up to 1.84% (2018: 0.9%) per annum based on the daily bank deposits rates. Short-term deposits earn interest at rates of 1.26% to 3.01% (2018: 0.40% to 2.80%) per annum and are eligible for immediate cancellation without receiving any interest for the last deposit period.

Included in cash and bank balances is an aggregate amount of HK$52,000 (2018: HK$50,000) 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.

25. PLEDGED BANK DEPOSITS

These bank deposits were pledged to secure bank loans of HK$126,729,000 (2018: HK$64,599,000) (note 28).

26. ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

In May 2017, the Group, the associate partner (the "Associate Partner", together with the Group collectively referred to as the "Vendors") and the purchaser (the "Purchaser") entered into the formal sale and purchase agreement (the "Agreement") with the Purchaser, pursuant to which the Purchaser had conditionally agreed to acquire and the Vendors had conditionally agreed to sell the sale shares and the sale loan of Apex Plan Limited ("Apex Plan") in which the Group and the Associate Partner hold 30% and 70% equity interest respectively. As a result, share of net assets of associates and amount due from associates were presented as assets of a disposal group classified as held for sale in accordance with Hong Kong Financial Reporting Standard 5. The disposal group was engaged in the business of property redevelopment project at 18-32 Junction Road, Hong Kong.

	2018 HK$'000
At 1 July	100,399
Transfer from share of net assets (note 18)	–
Transfer from amounts due from associates (note 18)	178,029
Disposals	(278,428)
At 30 June	–

On 28 March 2018, the Group disposed of all of its 30% equity interest in Apex Plan at a cash consideration of approximately HK$385,562,000, resulting in a gain on disposal of approximately HK$82,798,000. The disposal was completed on 28 March 2018.

	2018 HK$'000
Sales consideration received for 30% ownership interest	385,562
Carrying value of 30% ownership interest	–
Assignment of debt – Amounts due from associates	(278,428)
Transaction costs	(24,336)
Gain on disposal of an associate	82,798

Upon completion of the disposal, Apex Plan ceased to be classified as an associate.

27. ACCRUED EXPENSES, OTHER PAYABLES AND DEPOSITS RECEIVED

	2019 HK$'000	2018 HK$'000
Accrued expenses and other payables	**1,677**	25,084
Rental deposits received	**6,986**	6,488
Rental receipt in advance	**1,432**	1,709
	10,095	33,281

28. BORROWINGS

	2019 HK$'000	2018 HK$'000
Current		
Bank loans, secured	**156,658**	106,139
Non-current		
Bank loans, secured	**16,687**	20,308
	173,345	126,447

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:

	2019 HK$'000	2018 HK$'000
Within one year or on demand	**106,396**	53,859
In the second year	**4,935**	4,455
In the third to fifth years, inclusive	**14,806**	13,497
Beyond five years	**47,208**	54,636
	173,345	126,447

All bank loans as at 30 June 2019 were secured by guarantees by the Company and the pledge of leasehold properties (note 15) with net carrying amount of HK$84,096,000 (2018: HK$85,848,000), certain investment properties (note 16) with net carrying amount of HK$548,654,000 (2018: HK$542,852,000) and pledged bank deposits (note 25) of HK$126,729,000 (2018: HK$64,599,000).

During the year, effective interest rates of the Group's borrowings were ranged 0.60% to 3.43% per annum (2018: 0.60% to 3.02%).

29. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

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

30. DEFERRED TAX

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

	Revaluation of properties HK$'000	Accelerated tax allowances HK$'000	Tax losses HK$'000	Total HK$'000
At 1 July 2017	–	4,968	(1,330)	3,638
Disposal of a subsidiary (note 33)	–	(2,068)	1,329	(739)
Charged to profit or loss	7,099	–	–	7,099
At 30 June 2018, 1 July 2018 and 30 June 2019	**7,099**	**2,900**	**(1)**	**9,998**

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:

	2019 HK$'000	2018 HK$'000
Deferred tax assets	**(1)**	(1)
Deferred tax liabilities	**9,999**	9,999
	9,998	9,998

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

	2019 HK$'000	2018 HK$'000
Tax effect of temporary differences arising as a result of:		
Deferred tax assets:		
Tax losses available to set off against future assessable profits	**10,968**	10,272
Excess of depreciation charged in the financial statements over depreciation allowance claimed for tax purpose	**272**	74
	11,240	10,346

No provision for deferred taxation has been recognised in respect of the tax losses of HK62,568,000 (2018: HK$62,738,000) 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.

31. SHARE CAPITAL

	2019 Number of shares '000	2019 HK$'000	2018 Number of shares '000	2018 HK$'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 and end of the year	**5,548,126**	**55,481**	5,548,126	55,481

32. ACQUISITION OF A SUBSIDIARY

On 5 March 2018, the Group completed the acquisition of 100% equity interest of Record Champion Limited from a third party at a consideration of HK$125,000,000. Record Champion Limited held certain properties for trading purpose and the directors of the Company considered that this acquisition does not meet the definition of a business in Hong Kong Financial Reporting Standard 3 (revised) "Business Combinations" at the date of acquisition. Accordingly, the acquisition has been accounted for as a purchase of net asset which did not constitute a business combination for accounting purpose.

	Fair value HK$'000
Property, plant and equipment (note 15)	128
Properties held for trading	125,055
Prepayment, deposits and other receivables	241
Accruals, deposits received and other payables	(424)
Former shareholder's loan	(87,401)
	37,599
Assignment of shareholder's loan	87,401
Net assets acquired	125,000
Total cash consideration	125,000
Net cash outflow arising from the acquisition: Purchase consideration settled in cash	125,000

33. DISPOSAL OF INTERESTS IN SUBSIDIARIES

(a) On 10 October 2017, the Group disposed of its entire interests in Central Fly Limited which is engaged in property investment business in Hong Kong. Net assets of Central Fly Limited at the date of disposal were as follows:

	10 October 2017 HK$'000
Investment properties (note 16)	211,000
Other payables	(1,831)
Shareholder's loan	(192,032)
Provision of taxation	(20)
Deferred tax liabilities (note 30)	(739)
	16,378
Assignment of shareholder's loan and other payables	193,863
Cost incurred for the disposal	2,580
Loss on disposal of a subsidiary	(6,821)
Total consideration satisfied by cash	206,000
Net cash inflow arising on disposal:	
Cash consideration	206,000
Cash consideration received as a deposit in prior year	(1,830)
Cost incurred for the disposal	(2,580)
	201,590

33. DISPOSAL OF INTERESTS IN SUBSIDIARIES *(cont'd)*

(b) On 19 October 2018, the Group disposed of its entire interests in Enviro Global Limited and Sonic Returns Limited which are engaged in property investment business in Hong Kong. Net assets of Enviro Global Limited and Sonic Returns Limited at the date of disposal were as follows:

		19 October 2018	
	Enviro Global Limited HK$'000	Sonic Returns Limited HK$'000	Total HK$'000
Investment properties (note 16)	15,500	27,100	42,600
Deposits, prepayments and other receivables	28	37	65
Deposits received and accrued liabilities	(99)	(175)	(274)
Shareholder's loan	(14,121)	(25,100)	(39,221)
	1,308	1,862	3,170
Cost incurred for the disposal	478	815	1,293
Assignment of shareholder's loan	14,121	25,100	39,221
Gain on disposal of subsidiaries	3,163	5,892	9,055
Total consideration satisfied by cash	19,070	33,669	52,739
Net cash inflow arising on disposal:			
Cash consideration	19,070	33,669	52,739
Cost incurred for the disposal	(478)	(815)	(1,293)
	18,592	32,854	51,446

34. 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 2011 Share Option Scheme are set out as follows:

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.

34. SHARE-BASED PAYMENTS *(cont'd)*

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.

34. SHARE-BASED PAYMENTS *(cont'd)*

The following shows the outstanding position of the share options granted under the share option schemes as at 30 June 2019:

Name or category of grantees	At 1 July 2018	Number of share options Lapsed during the year	Granted during the year	At 30 June 2019	Date of grant of share options	Exercise Period (note a)	Exercise price (HK$) (note b)
Directors							
Pong Wai San Wilson	22,600,000	–	–	22,600,000	3 June 2014	Period 2	0.221
	26,400,000	–	–	26,400,000	17 May 2016	Period 3	0.189
	–	–	41,300,000	41,300,000	26 November 2018	Period 4	0.121
Lee Wing Yin	1,000,000	–	–	1,000,000	3 June 2014	Period 2	0.221
	27,180,000	–	–	27,180,000	17 May 2016	Period 3	0.189
	–	–	5,000,000	5,000,000	26 November 2018	Period 4	0.121
Ngan Man Ho	1,000,000	(1,000,000)	–	–	3 June 2014	Period 2	0.221
	3,180,000	(3,180,000)	–	–	17 May 2016	Period 3	0.189
Koo Fook Sun Louis	–	–	1,000,000	1,000,000	26 November 2018	Period 4	0.121
Lung Hung Cheuk	–	–	1,000,000	1,000,000	26 November 2018	Period 4	0.121
Yeung Wing Yan Wendy	–	–	1,000,000	1,000,000	26 November 2018	Period 4	0.121
Lai Hin Wing, Henry	–	–	1,000,000	1,000,000	26 November 2018	Period 4	0.121
	81,360,000	(4,180,000)	50,300,000	127,480,000			

34. SHARE-BASED PAYMENTS *(cont'd)*

The following shows the outstanding position of share options granted under the share option schemes as at 30 June 2018:

Name or category of grantees	At 1 July 2017	Number of share options Lapsed during the year	Granted during the year	At 30 June 2018	Date of grant of share options	Exercise Period (note a)	Exercise price (HK$) (note b)
Directors							
Pong Wai San Wilson	11,000,000	(11,000,000)	–	–	26 October 2012	Period 1	0.395
	22,600,000	–	–	22,600,000	3 June 2014	Period 2	0.221
	26,400,000	–	–	26,400,000	17 May 2016	Period 3	0.189
Lee Wing Yin	1,000,000	(1,000,000)	–	–	26 October 2012	Period 1	0.395
	1,000,000	–	–	1,000,000	3 June 2014	Period 2	0.221
	27,180,000	–	–	27,180,000	17 May 2016	Period 3	0.189
Ngan Man Ho	1,000,000	(1,000,000)	–	–	26 October 2012	Period 1	0.395
	1,000,000	–	–	1,000,000	3 June 2014	Period 2	0.221
	3,180,000	–	–	3,180,000	17 May 2016	Period 3	0.189
Koo Fook Sun Louis	1,000,000	(1,000,000)	–	–	26 October 2012	Period 1	0.395
Lung Hung Cheuk	1,000,000	(1,000,000)	–	–	26 October 2012	Period 1	0.395
Yeung Wing Yan Wendy	1,000,000	(1,000,000)	–	–	26 October 2012	Period 1	0.395
Lai Hin Wing, Henry	1,000,000	(1,000,000)	–	–	26 October 2012	Period 1	0.395
	98,360,000	(17,000,000)	–	81,360,000			

34. SHARE-BASED PAYMENTS *(cont'd)*

Notes:

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

Period 1: 26 October 2012 to 25 October 2017
Period 2: 3 June 2014 to 2 June 2024
Period 3: 17 May 2016 to 16 May 2026
Period 4: 26 November 2018 to 25 November 2028

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

	2019 HK$	2018 HK$
At beginning of the year	**0.199**	0.233
Lapsed during the year	**0.410**	0.395
Granted during the year	**0.121**	–
At end of the year	**0.129**	0.199

(d) The weighted average remaining contractual life of the share options outstanding at 30 June 2019 was approximately 8.37 years (2018: 7.29 years).

The fair values of share options granted were determined using Binomial Option 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 26 November 2018
Share price at date of grant	HK$0.121
Expected volatility *	68.94%
Risk-free interest rate	2.31%
Dividend yield	1.03%
Expected life of option	10 years
Fair value at date of grant	HK$0.059
Exercise price	HK$0.121

* The underlying expected volatility reflects the assumption that the historical volatility is indicative of future trends, 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 2019, the fair value of the options granted was HK$2,961,000 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 2018, no share options were granted.

34. SHARE-BASED PAYMENTS *(cont'd)*

At 30 June 2019, the Company had 127,480,000 (2018: 81,360,000) share options outstanding under the share option schemes, which represented approximately 2.30% (2018: 1.47%) of the Company's shares in issue at that date. All these options were exercisable at 30 June 2019 and 2018.

35. OPERATING LEASE COMMITMENTS

As lessee

At 30 June 2019, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	2019 HK$'000	2018 HK$'000
Within one year	**–**	144
In the second to fifth years	**–**	132
	–	276

In 2018, the Group leased a property under an operating lease. The lease run for an initial period of two years, with an option to renew the lease and renegotiated the terms at the expiry date or at date as mutually agreed between the Group and respective lessor. None of the lease included contingent rental.

As lessor

At 30 June 2019, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	2019 HK$'000	2018 HK$'000
Within one year	**23,986**	29,189
In the second to fifth years	**20,372**	26,559
	44,358	55,748

The Group leases its properties under operating lease arrangements which run for an initial period of one to fifteen years (2018: 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.

36. CAPITAL COMMITMENTS

	2019 HK$'000	2018 HK$'000
Contracted but not provided for:		
Available-for-sale financial assets	–	167,741
Financial instruments at FVTPL	133,503	–
Equity instruments	47,600	–
Investment properties	13,631	23,415
	194,734	191,156

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Borrowings (note 28) HK$'000	Amounts due to non-controlling shareholders (note 29) HK$'000
At 1 July 2017	104,142	237,748
Changes from cash flow:		
New bank borrowings raised	31,907	–
Repayments of borrowings	(11,817)	–
Interest paid	2,121	
Repayment to non-controlling shareholders	–	(221,739)
Total changes from financing cash flows:	126,353	16,009
Exchange adjustments	2,215	–
Other changes:		
Interest expenses	(2,121)	–
At 1 June 2018	126,447	16,009
Changes from cash flow:		
New bank borrowings raised	**127,093**	**–**
Repayments of borrowings	**(82,046)**	**–**
Interest paid	**2,787**	**–**
Advanced from non-controlling shareholders	**–**	**1,860**
Total changes from financing cash flows:	**174,281**	**17,869**
Exchange adjustments	**1,851**	**–**
Other changes:		
Interest expenses	**(2,787)**	**–**
At 30 June 2019	**173,345**	**17,869**

38. FINANCIAL GUARANTEE CONTRACTS

The Company has executed guarantee amounting to HK$42,918,000 (2018: HK$47,660,000) with respect to bank loans to its subsidiaries and the guarantee is secured against investment properties held by those subsidiaries. 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.

39. MATERIAL RELATED PARTY TRANSACTIONS

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

	2019 HK$'000	2018 HK$'000
Professional fees paid to a related company in which one of the director of the Company is a partner	**302**	1,117
Rental expense paid to a related company owned by one of the substantial shareholders of the Company	**262**	–
	564	1,117
Rental income on investment properties, received from a related company owned by one of the substantial shareholders of the Company	**509**	506

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.

39.2 Key management personnel compensation

	HK$'000	HK$'000
Short-term employee benefits	**12,239**	16,406

40. 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 a joint venture, trade receivables, cash and bank balances, other receivables, 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.

40.1 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 1.84% (2018: 0.9%) 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 2019, 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 28. 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, profit for the year and retained profits would have decreased or increased by approximately HK$116,000 (2018: HK$89,000).

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

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

40.2 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, financial instruments at FVTPL and equity instruments at FVTPL and loan receivables (equivalent to HK$3,014,000, HK$75,701,000 and HK$34,575,000 respectively) (2018: bank deposits and available-for-sale financial assets equivalent to HK$5,491,000 and HK$46,969,000 respectively), which were primarily denominated in RMB, Canadian dollars ("CAD"), EURO dollars ("EURO") and GBP. Other than this, almost all of the Group's transactions were carried out in HK$ 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 2019, if a depreciation of 5% in HK$ against RMB, CAD, EURO and GBP was estimated, with all other variables held constant, profit for the year and retained profits would have increased by HK$5,665,000 (2018: HK$2,623,000) for the year ended 30 June 2019. An appreciation of the same percentage in HK$ against RMB, CAD, EURO 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, EURO 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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

40.3 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 equity instruments at FVOCI, financial instruments at FVTPL, debt instruments at FVOCI and debt instruments at FVTPL.

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 other financial assets, if the quoted price for these securities increased or decreased by 5%, profit for the year and retained profits would have increased or decreased by HK$15,197,000 (2018: no impact) and other components of equity would have increased or decreased by HK$4,017,000 (2018: HK$7,529,000) respectively.

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.

40.4 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 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.

The listed equity securities, listed debt investments, unlisted equity 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 subsidiaries as detailed in note 38 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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

40.5 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 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 HK$'000	Total HK$'000	Within 1 year or on demand HK$'000	In 2 to 5 years HK$'000	Over 5 years HK$'000
30 June 2019					
Accrued expense, other payables and rental deposits received	8,662	8,662	8,662	–	–
Borrowings	173,345	191,949	175,262	11,125	5,562
Amounts due to non-controlling shareholders	17,869	17,869	17,869	–	–
	199,876	218,480	201,793	11,125	5,562

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

40.5 Liquidity risk *(cont'd)*

	Carrying amounts HK$'000	Contractual undiscounted cash flow Total HK$'000	Within 1 year or on demand HK$'000	In 2 to 5 years HK$'000	Over 5 years HK$'000
30 June 2018					
Accrued expense, other payables and rental deposits received	31,572	31,572	31,572	–	–
Borrowings	126,447	137,802	117,495	11,604	8,703
Amounts due to non-controlling shareholders	16,009	16,009	16,009	–	–
	174,028	185,383	165,076	11,604	8,703

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 agreements. 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 Group's financial position, the directors do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment, the directors believe that such term loans will be repaid in accordance with the scheduled repayment dates as set out in the loan agreements.

	Carrying amounts HK$'000	**Contractual undiscounted cash flow Total HK$'000**	**Within 1 year or on demand HK$'000**	**In 2 to 5 years HK$'000**	**Over 5 years HK$'000**
Term loans subject to repayment on demand clause based on scheduled repayments:					
30 June 2019	**50,333**	**172,481**	**104,378**	**11,669**	**56,434**
30 June 2018	49,425	114,594	51,692	9,067	53,835

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

40.6 Categories of financial assets and financial liabilities

	2019 HK$'000	2018 HK$'000
Financial assets		
Amortised cost (2018: Loans and receivables):		
Trade receivables	**1,579**	2,706
Other receivables	**6,937**	4,868
Loan receivables	**43,810**	–
Cash and bank balances	**314,412**	511,508
Pledged bank deposits	**126,729**	64,599
Available-for-sale financial assets	**–**	248,053
Financial assets at FVOCI:		
– Equity instruments	**9,145**	–
– Debt instruments	**71,194**	–
Financial assets at FVTPL:		
– Debt instruments	**15,680**	–
– Financial instruments	**288,267**	–
	877,753	831,734
Financial liabilities		
Financial liabilities measured at amortised cost:		
Accrued expenses, other payables and rental deposits received	**8,662**	31,572
Borrowings	**173,345**	126,447
Amounts due to non-controlling shareholders	**17,869**	16,009
	199,876	174,028

40.7 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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

40.8 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:

	Notes	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
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**
30 June 2018					
Assets:					
Available-for-sale financial assets					
– Listed equity securities	(a)	15,430	–	–	15,430
– Listed debts investments	(a)	104,348	–	–	104,348
– Unlisted investment funds	(c)	–	30,804	–	30,804
Total and net fair values		119,778	30,804	–	150,582

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

40.8 Fair value measurements recognised in the statement of financial position *(cont'd)*

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 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.

41. 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 consolidated 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.

	2019 HK$'000	2018 HK$'000
Total borrowings	**201,309**	175,737
Less: cash and bank balances and pledged bank deposits	**(441,141)**	(576,107)
Net cash	**(239,832)**	(400,370)
Total capital	**1,950,406**	1,905,979
Gearing ratio	**N/A**	N/A

42. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	17	–	–
Property, plant and equipment		11,829	13,025
Available-for-sale financial assets		–	25,923
Equity instruments at FVOCI		9,125	–
Financial instruments at FVTPL		40,739	–
Deposit for acquisition of property, plant & equipment		3,572	–
		65,265	38,948
Current assets			
Prepayments, deposits and other receivables		1,418	1,843
Amounts due from subsidiaries		1,560,633	1,381,115
Cash and bank balances		178,578	415,604
Pledged bank deposits		57,268	–
		1,797,897	1,798,562
Current liabilities			
Accrued expenses and other payables		180	251
Amounts due to subsidiaries		82,650	102,731
Borrowings		51,128	–
		133,958	102,982
Net current assets		1,663,939	1,695,580
Total assets less current liabilities		1,729,204	1,734,528
Net assets		1,729,204	1,734,528
EQUITY			
Share capital	31	55,481	55,481
Reserves		1,673,723	1,679,047
Total equity		1,729,204	1,734,528

On behalf of the directors

Pong Wilson Wai San
Director

Lee Wing Yin
Director

42. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019 *(cont'd)*

Movements of the reserves of the Company are as follows:

	Share premium HK$'000	Share-based payment reserve HK$'000	Revaluation reserve HK$'000	FVOCI reserve HK$'000	Proposed final dividend HK$'000	Retained profits HK$'000	Total HK$'000
At 1 July 2017	1,568,267	11,074	2,583	–	–	91,263	1,673,187
Lapse of share options	–	(2,346)	–	–	–	2,346	–
Transactions with owners	–	(2,346)	–	–	–	2,346	–
Profit for the year	–	–	–	–	–	3,284	3,284
Other comprehensive income:							
Net fair value gain on available-for-sale financial assets	–	–	2,576	–	–	–	2,576
Total comprehensive income for the year	–	–	2,576	–	–	3,284	5,860
2018 proposed final dividend	–	–	–	–	10,000	(10,000)	–
At 30 June 2018 and 1 July 2018 as originally presented	1,568,267	8,728	5,159	–	10,000	86,893	1,679,047
Initial application of HKFRS 9 (note 2)	–	–	(5,159)	2,893	–	2,266	–
At 1 July 2018 as restated	1,568,267	8,728	–	2,893	10,000	89,159	1,679,047
2018 final dividend paid (note 11)	–	–	–	–	(10,000)		(10,000)
Equity-settled share-based payments	–	2,961	–	–	–	–	2,961
Lapse of share options		(444)		–	–	444	–
Transactions with owners	–	2,517	–	–	(10,000)	444	(7,039)
Profit for the year	–	–	–	–	–	2,595	2,595
Other comprehensive income:							
Change in fair value of equity instruments at FVOCI	–	–	–	(880)	–	–	(880)
Release of FVOCI reserve upon disposal of equity instruments at FVOCI	–	–	–	(876)	–	876	–
Total comprehensive income for the year	–	–	–	(1,756)	–	3,471	1,715
At 30 June 2019	1,568,267	11,245	–	1,137	–	93,074	1,673,723

Share premium 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.

43. EVENTS AFTER THE REPORTING DATE

On 13 March 2019, the Group entered into a sale and purchase agreement with an independent third party to acquire 20% equity interest of a company, namely Universal Honor Holdings Limited for a consideration HK$67,999,960. An amount of HK$20,399,000 has been made during the year. The transaction was completed on 30 August 2019.

44. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 30 June 2019 were approved and authorised for issue by the board of directors on 27 September 2019.

MAJOR PROPERTIES UNDER DEVELOPMENT AS AT 30 JUNE 2019

Location	Approximate site area/ gross floor area (sq. ft.)	Interest attributable to the Group	Existing use	Project Status	Expected completion date
No. 50, School Road, Moseley Birmingham, B13 9TG, United Kingdom	15,800/ 12,000	87.5%	Residential	Construction in progress	2020

MAJOR PROPERTIES HELD FOR TRADING AS AT 30 JUNE 2019

Location	Gross floor area (sq. ft.)	Interest attributable to the Group	Existing use
Shops 1 and 2 on Ground Floor and External Signage Area A and C, Lime Stardom, No. 18 Fir Street and Nos. 3 and 19 Larch Street, Kowloon, Hong Kong	4,877	100%	Shops

MAJOR INVESTMENT PROPERTIES AS AT 30 JUNE 2019

Location	Interest attributable to the Group	Use	Lease term
Roof of Block C Sea View Estate 8 Watson Road Hong Kong	51%	Commercial	Medium-term lease
Shop 2 on Ground Floor and Shop 3 on Lower Ground 1 Floor Open Side Yard, Signage Areas II and III Grand Scholar 419K Queen's Road West Hong Kong	100%	Commercial	Long-term lease
4th Floor, Kenning Industrial Building 19 Wang Hoi Road, Kowloon, Hong Kong	100%	Industrial	Medium-term lease
6th Floor, 9 Queen's Road Central Hong Kong	100%	Commercial	Long-term lease
Car Park No. 6 on 2nd Floor, Office Nos. 1-3 on 30th Floor and Office No. 5 on 13th Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong	100%	Commercial	Long-term lease
Atlantic House, Tyndall Street Cardiff, CF10 4PP United Kingdom	100%	Commercial	Freehold
15th Floor, Far East Consortium Building No. 121 Des Voeux Road Central, Hong Kong	100%	Commercial	Long-term lease

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