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## **WINFULL GROUP HOLDINGS LIMITED**

**宏輝集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 183)**

### **FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2015**

#### **FINAL RESULTS**

The board of directors (the “Board”) of Winfull Group Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 30 June 2015, together with the comparative figures for the year ended 30 June 2014:

## CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2015

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Re-presented)
<b>Continuing operations</b>			
Revenue	4	7,236	497,016
Cost of sales		<u>(1,255)</u>	<u>(340,116)</u>
<b>Gross profit</b>		<b>5,981</b>	156,900
Other income	5	29,532	107,674
Selling and distribution expenses		(220)	(272)
Administrative expenses and other operating expenses		(22,192)	(28,140)
Finance costs		<u>(588)</u>	<u>(5)</u>
<b>Profit before income tax</b>	6	<b>12,513</b>	236,157
Income tax credit/(expense)	7	<u>121</u>	<u>(32,692)</u>
<b>Profit for the year from continuing operations</b>		<b>12,634</b>	203,465
<b>Discontinued operations</b>			
<b>Loss for the year from discontinued operations</b>	8	<u>(41,525)</u>	<u>(193,014)</u>
<b>(Loss)/Profit for the year</b>		<u>(28,891)</u>	<u>10,451</u>
<b>(Loss)/Profit for the year attributable to:</b>			
Owners of the Company			
Profit for the year from continuing operations		12,945	203,516
Loss for the year from discontinued operations		<u>(41,525)</u>	<u>(193,014)</u>
(Loss)/Profit for the year attributable to owners of the Company		<u>(28,580)</u>	<u>10,502</u>
Non-controlling interests			
Loss for the year from continuing operations		(311)	(51)
Loss for the year from discontinued operations		<u>-</u>	<u>-</u>
Loss for the year attributable to non-controlling interests		<u>(311)</u>	<u>(51)</u>
		<b>(28,891)</b>	<b>10,451</b>
<b>(Losses)/Earnings per share from continuing and discontinued operations</b>			
Basic and diluted	10	<u><b>HK(0.89) cent</b></u>	<u>HK0.30 cent</u>
<b>Earnings per share for profit from continuing operations</b>			
Basic and diluted	10	<u><b>HK0.40 cent</b></u>	<u>HK5.85 cents</u>
<b>Losses per share for loss from discontinued operations</b>			
Basic and diluted	10	<u><b>HK(1.29) cents</b></u>	<u>HK(5.55) cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>(Loss)/Profit for the year</b>	<b>(28,891)</b>	10,451
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to profit or loss:		
Net fair value gains on available-for-sale financial assets	<b>4,111</b>	2,147
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	–	9,865
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	<b>(11,367)</b>	(8,667)
Exchange differences arising on translation of foreign operations	<b>(10,223)</b>	6,159
<b>Other comprehensive income for the year, net of tax</b>	<b>(17,479)</b>	9,504
<b>Total comprehensive income for the year</b>	<b>(46,370)</b>	19,955
<b>Total comprehensive income for the year attributable to:</b>		
Owners of the Company	<b>(46,059)</b>	20,006
Non-controlling interests	<b>(311)</b>	(51)
	<b>(46,370)</b>	19,955

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2015*

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,915</b>	128,489
Investment properties		<b>228,800</b>	249,000
Interests in associates		–	517
Amounts due from an associate		–	4,328
Interests in a joint venture		–	640
Amounts due from a joint venture		–	4,526
Goodwill	11	–	73,000
Available-for-sale financial assets		<b>57,188</b>	75,575
		<hr/> <b>287,903</b>	<hr/> 536,075
<b>Current assets</b>			
Amounts due from associates		<b>125,613</b>	99,814
Amounts due from a joint venture		<b>20</b>	–
Available-for-sale financial assets		–	25,178
Properties held for trading		<b>32,450</b>	50,122
Properties under development		<b>444,705</b>	444,444
Trade receivables	12	<b>1,011</b>	16,054
Prepayments, deposits and other receivables		<b>5,279</b>	15,443
Financial assets at fair value through profit or loss		<b>1,626</b>	1,372
Cash and bank balances		<b>589,283</b>	734,053
Restricted bank deposits		–	111,022
		<hr/> <b>1,199,987</b>	<hr/> 1,497,502
<b>Current liabilities</b>			
Accrued expenses and other payables		<b>4,444</b>	127,642
Borrowings		–	130,752
Finance lease liabilities		–	432
Amounts due to non-controlling shareholders		<b>234,122</b>	218,603
Provision for income tax		<b>7,648</b>	36,051
		<hr/> <b>246,214</b>	<hr/> 513,480
<b>Net current assets</b>		<hr/> <b>953,773</b>	<hr/> 984,022
<b>Total assets less current liabilities</b>		<hr/> <b>1,241,676</b>	<hr/> 1,520,097

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Non-current liabilities</b>		
Finance lease liabilities	–	1,404
Deferred tax liabilities	<b>325</b>	365
	<u>325</u>	<u>1,769</u>
<b>Net assets</b>	<b><u>1,241,351</u></b>	<b><u>1,518,328</u></b>
<b>EQUITY</b>		
Share capital	<b>27,185</b>	34,785
Reserves	<b>1,214,723</b>	1,483,602
	<u>1,241,908</u>	<u>1,518,387</u>
<b>Equity attributable to owners of the Company</b>	<b>1,241,908</b>	1,518,387
<b>Non-controlling interests</b>	<b>(557)</b>	(59)
	<u>1,241,351</u>	<u>1,518,328</u>
<b>Total equity</b>	<b><u>1,241,351</u></b>	<b><u>1,518,328</u></b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Equity attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium account	Translation reserve	Share-based payment reserve	Revaluation reserve	Other reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2013	34,785	1,274,759	-	6,303	5,145	-	171,454	1,492,446	-	1,492,446
Equity-settled share-based payments	-	-	-	2,938	-	-	-	2,938	-	2,938
Disposal of interests in subsidiaries that does not result in loss of control	-	-	-	-	-	7,361	-	7,361	(8)	7,353
Expenses directly attributable to the disposal of interests in subsidiaries that does not result in loss of control	-	-	-	-	-	(4,364)	-	(4,364)	-	(4,364)
Transactions with owners	-	-	-	2,938	-	2,997	-	5,935	(8)	5,927
Profit for the year	-	-	-	-	-	-	10,502	10,502	(51)	10,451
Other comprehensive income:										
Net fair value gain on available-for-sale financial assets	-	-	-	-	2,147	-	-	2,147	-	2,147
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	-	-	-	-	9,865	-	-	9,865	-	9,865
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	-	-	-	-	(8,667)	-	-	(8,667)	-	(8,667)
Exchange differences arising on translation of foreign operations	-	-	6,159	-	-	-	-	6,159	-	6,159
Total comprehensive income for the year	-	-	6,159	-	3,345	-	10,502	20,006	(51)	19,955
At 30 June 2014	34,785	1,274,759	6,159	9,241	8,490	2,997	181,956	1,518,387	(59)	1,518,328

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

## NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 30 June 2015*

### 1. GENERAL INFORMATION

Winfull Group Holdings Limited (formerly known as Richfield 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 6A, 9 Queen’s Road Central, Hong Kong. The Company’s issued shares have been listed on the Main Board (the “Main Board”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 2 December 2010.

Pursuant to a resolution passed on 17 February 2015 at an extraordinary general meeting, the Company’s name was changed from Richfield Group Holdings Limited to Winfull Group Holdings Limited.

The principal activity of the Company is investment holding. During the year, the Group was principally engaged in the provision of property brokerage services, provision of schemes for property consolidation, assembly and redevelopment, property trading, property development and property investment.

In February 2015, the Group completed the disposal of Vastwood Limited and its subsidiaries (the “Vastwood Group”), its associate and its joint venture. The financial results of the Vastwood Group are presented as discontinued operations in accordance with Hong Kong Financial Reporting Standard 5. Details of the discontinued operations are set out in note 8. Certain comparatives on the consolidated income statement, consolidated statement of cash flows and related notes to the financial statements have been re-presented so as to reflect the results for the continuing operations and discontinued operations as if the operations discontinued during the year had been discontinued at the beginning of the comparative period. Other than this disposal, there were no significant changes in the Group’s operations during the year.

The consolidated financial statements 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 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 2014:

Amendments to HKAS 32                      Offsetting Financial Assets and Financial Liabilities

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

#### *Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities*

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity “currently has a legally enforceable right to set off” and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offsetting arrangements.

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

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

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle <sup>1</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
HKFRS 9 (2014)	Financial Instruments <sup>3</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>

<sup>1</sup>      Effective for annual periods beginning on or after 1 July 2016

<sup>2</sup>      Effective for annual periods beginning on or after 1 July 2017

<sup>3</sup>      Effective for annual periods beginning on or after 1 July 2018

#### *Amendments to HKAS 1 – Disclosure Initiative*

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

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



## ***HKFRS 9 – Financial Instruments***

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

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

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

## ***HKFRS 15 – Revenue from Contracts with Customers***

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

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

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

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

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

### 3. SEGMENT INFORMATION

The executive directors have identified the Group's four product and service lines as operating segments. 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 (2014: Nil).

	2015					Discontinued operations	
	Continuing operations				Total	Property	Total
	Property Development	Property Development Business – the United Kingdom	Property Investment and Trading Business	Others		Assembly and Brokerage Business	
	Hong Kong	Kingdom	Business	HK\$'000	HK\$'000	HK\$'000	HK\$'000
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Reportable segment revenue:							
From external customers	-	-	5,862	1,374	7,236	58,285	65,521
Reportable segment profit/(loss)	(718)	(223)	8,209	107	7,375	(38,114)	(30,739)
Bank interest income	-	-	1	-	1	231	232
Depreciation	-	-	392	19	411	4,155	4,566
Fair value gain on investment properties	-	-	3,800	-	3,800	-	3,800
Reportable segment assets	445,117	7,805	266,969	1,503	721,394	-	721,394
Additions to non-current assets during the year	-	-	3,800	-	3,800	26	3,826
Reportable segment liabilities	218,792	7,711	2,922	883	230,308	-	230,308
	2014 (Re-presented)						
	Continuing operations				Total	Discontinued operations	
	Property Development	Property Development Business – the United Kingdom	Property Investment and Trading Business	Others		Property	Total
	Hong Kong	Kingdom	Business	HK\$'000	Assembly and Brokerage Business	HK\$'000	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Reportable segment revenue:							
From external customers	-	491,747	5,269	-	497,016	63,356	560,372
Reportable segment profit/(loss)	(766)	156,326	40,161	1	195,722	(191,451)	4,271
Bank interest income	24	102	1	-	127	303	430
Depreciation	-	-	65	25	90	7,020	7,110
Fair value gain on inventories reclassified as investment properties	-	-	1,047	-	1,047	-	1,047
Fair value gain on investment properties	-	-	35,000	-	35,000	-	35,000
Impairment loss in respect of goodwill	-	-	-	-	-	198,000	198,000
Reportable segment assets	445,784	11,189	259,523	507	717,003	417,120	1,134,123
Additions to non-current assets during the year	-	-	60,896	-	60,896	-	60,896
Reportable segment liabilities	218,985	34,532	88,590	8	342,115	171,972	514,087

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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Re-presented)
<b>Revenue</b>		
Reportable segment revenue	<u>65,521</u>	<u>560,372</u>
Consolidated revenue	<u><b>65,521</b></u>	<u><b>560,372</b></u>
<b>Profit before income tax and discontinued operations</b>		
Reportable segment (loss)/profit	(30,739)	4,271
Reportable segment loss – discontinued operations	38,114	191,451
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	11,367	8,667
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	–	(9,865)
Interest income	13,422	6,430
Dividend income	613	10,167
Exchange (loss)/gain, net	(6,826)	40,066
Equity-settled share-based payments	–	(2,938)
Corporate salaries and allowances	(4,025)	(3,929)
Depreciation on corporate property, plant and equipment	(706)	(708)
Corporate rent and rates	(5,503)	(4,301)
Unallocated corporate expenses	<u>(3,204)</u>	<u>(3,154)</u>
Consolidated profit before income tax from continuing operations	<u><b>12,513</b></u>	<u><b>236,157</b></u>
<b>Assets</b>		
Reportable segment assets – continuing operations	721,394	717,003
Reportable segment assets – discontinued operations	–	417,120
Available-for-sale financial assets	57,188	100,753
Financial assets at fair value through profit or loss	1,626	1,372
Corporate cash and bank balances and short term deposits	577,271	684,873
Share of net assets of associates	–	517
Share of net assets of a joint venture	–	640
Amounts due from associates	125,613	104,142
Amounts due from a joint venture	20	4,526
Other corporate assets	<u>4,778</u>	<u>2,631</u>
Consolidated total assets	<u><b>1,487,890</b></u>	<u><b>2,033,577</b></u>
<b>Liabilities</b>		
Reportable segment liabilities – continuing operations	230,308	342,115
Reportable segment liabilities – discontinued operations	–	171,972
Other corporate liabilities	<u>16,231</u>	<u>1,162</u>
Consolidated total liabilities	<u><b>246,539</b></u>	<u><b>515,249</b></u>

The following table provides an analysis of the Group's revenue from external customers.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong	65,521	68,625
United Kingdom	–	491,747
	<u>65,521</u>	<u>560,372</u>

Non-current assets are located in Hong Kong. The geographical location of customers is based on the location at which the services were provided and the goods were delivered. The geographical location of non-current assets is based on the physical location of the assets.

During the year, there was neither revenue from external customers attributable to the Cayman Islands (domicile) (2014: Nil) nor non-current assets were located in the Cayman Islands (2014: Nil). The country of domicile is the country where the Company was incorporated.

Revenue from the major customers is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Customer A ( <i>note i</i> )	53,790	59,100
Customer B ( <i>note ii</i> )	–	491,747
	<u>53,790</u>	<u>550,847</u>

*Notes:*

- (i) derived from the Property Assembly and Brokerage Business.
- (ii) derived from the Property Development Business.

#### 4. REVENUE

Revenue from the Group's principal activities recognised during the year is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Re-presented)
<b>Continuing operations</b>		
Rental income from investment properties	5,862	5,269
Renovation service income	1,374	–
Sale of properties under development	–	491,747
	<u>7,236</u>	<u>497,016</u>
<b>Discontinued operations</b>		
Commission income	56,656	61,554
Lease management services income	1,629	1,802
	<u>58,285</u>	<u>63,356</u>
	<u>65,521</u>	<u>560,372</u>

## 5. OTHER INCOME

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Re-presented)
<b>Continuing operations</b>		
Interest income	13,423	6,557
Dividend income	613	10,167
Rental income from properties held for trading and properties under development	287	5,772
Renovation service income	–	41
Fair value gain on inventories reclassified as investment properties	–	1,048
Fair value gains on investment properties	3,800	35,000
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	11,367	8,667
Exchange gain, net	–	40,066
Sundry income	42	356
	<u>29,532</u>	<u>107,674</u>

## 6. PROFIT BEFORE INCOME TAX

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Re-presented)
<b>Continuing operations</b>		
Profit before income tax is arrived at after charging/(crediting) the following:		
Auditor's remuneration		
– current year provision	516	307
– under-provision in respect of previous years	–	106
Cost of inventories recognised as expense, including:		
– cost of properties sold	–	340,004
Depreciation	1,117	798
Directors' remuneration	2,199	2,488
Equity-settled share-based payments	–	2,938
Exchange loss/(gain), net	6,826	(40,066)
Minimum lease payments under operating lease rentals for land and buildings	5,856	4,555
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	(11,367)	(8,667)
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	–	9,865
	<u>–</u>	<u>9,865</u>

## 7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong for the year. 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Re-presented)
<b>Continuing operations</b>		
<b>Current tax – Hong Kong profits tax</b>		
Provision for the year	–	–
Over-provision in respect of prior years	–	(49)
	<u>–</u>	<u>(49)</u>
<b>Current tax – Overseas</b>		
Provision for the year	–	32,835
(Over)/Under-provision in respect of prior years	(81)	157
	<u>(81)</u>	<u>32,992</u>
<b>Deferred tax</b>	<u>(40)</u>	<u>(251)</u>
<b>Total income tax (credit)/expense</b>	<u><b>(121)</b></u>	<u><b>32,692</b></u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Re-presented)
<b>Continuing operations</b>		
Profit before income tax	<u><b>12,513</b></u>	<u>236,157</u>
Notional tax on profit or loss before income tax, calculated at the rates applicable to profits/loss in the countries concerned	<b>2,055</b>	46,006
Tax effect of non-deductible expenses	<b>1,251</b>	663
Tax effect of non-taxable revenue	<b>(4,208)</b>	(15,537)
Tax effect of temporary difference not recognised	<b>87</b>	112
Tax effect of unused tax losses not recognised	<b>775</b>	1,340
(Over)/Under-provision in prior years	<u><b>(81)</b></u>	<u>108</u>
Income tax (credit)/expense	<u><b>(121)</b></u>	<u><b>32,692</b></u>

## 8. DISCONTINUED OPERATIONS

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

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

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

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

	2015 <i>HK\$’000</i>	2014 <i>HK\$’000</i> (Re-presented)
Revenue	58,285	63,356
Cost of sales	(16,999)	(22,578)
Other income	903	1,273
Selling and distribution expenses	(2,990)	(3,599)
Administrative expenses and other operating expenses	(22,121)	(32,113)
Share of profit of associates	–	104
Share of profit of a joint venture	–	106
Impairment loss recognised in respect of goodwill	–	(198,000)
Finance costs	(801)	–
	<hr/>	<hr/>
Profit/(Loss) before income tax	16,277	(191,451)
Loss on disposal of subsidiaries, an associate and a joint venture	(54,391)	–
Income tax expense	(3,411)	(1,563)
	<hr/>	<hr/>
Loss for the year from discontinued operations	<b>(41,525)</b>	<b>(193,014)</b>

A loss of HK\$54,391,000 arose on the disposal of the Vastwood Group, its associate and its joint venture and a gain of HK\$1,380,000 arose on the disposal of 49% interest in Brilliant Icon, being the proceeds of disposal less the carrying amount of the Vastwood Group's, its associate's, its joint venture's and 49% interest in Brilliant Icon's net assets and attributable goodwill, which was recognised in profit or loss and in other reserve respectively.

For the purpose of presenting discontinued operations, the comparative consolidated income statement, consolidated statement of cash flows and the related notes have been re-presented as if the operations discontinued during the year had been discontinued at the beginning of the comparative period.

## 9. DIVIDENDS

The directors do not recommend the payment of final dividend for the year ended 30 June 2015 (2014: Nil).

## 10. (LOSSES)/EARNINGS PER SHARE

### (a) From continuing and discontinued operations

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

	2015	2014
(Loss)/Profit for the year, attributable to owners of the Company (HK\$'000)	<u>(28,580)</u>	<u>10,502</u>
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic (losses)/earnings per share	3,226,555	3,478,500
Effect of dilutive potential ordinary shares in respect of the Company's share option scheme	<u>7,540</u>	<u>–</u>
Weighted average number of shares for the purpose of diluted (losses)/earnings per share	<u>3,234,095</u>	<u>3,478,500</u>

The weighted average number of ordinary shares for the purpose of basic (losses)/earnings per share has been adjusted for the cancellation of the repurchased shares on 2 March 2015.

### (b) From continuing operations

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

	2015	2014 (Re-presented)
Profit for the year from continuing operations	<u>12,945</u>	<u>203,516</u>

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



(c) **From discontinued operations**

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

	2015	2014 (Re-presented)
Loss for the year from discontinued operations	<u>(41,525)</u>	<u>(193,014)</u>

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

There were no diluted potential ordinary shares for the year ended 30 June 2014 as the outstanding share options were out of the money for the purpose of the diluted earnings/(losses) per share calculation.

**11. GOODWILL – GROUP**

Goodwill arose from the acquisition of Richfield Realty Limited (“Richfield Realty”) in 2007. The net carrying amount of HK\$73,000,000 as at 30 June 2014 was attributable to the Property Assembly and Brokerage Business. During the year ended 30 June 2015, the Property Assembly and Brokerage Business had been disposed of due to the disposal of the Vastwood Group. Richfield Realty was wholly owned by Vastwood Limited.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Cost</b>		
At 1 July	474,000	474,000
Derecognised on disposal of subsidiaries	<u>(474,000)</u>	<u>–</u>
At 30 June	<u>–</u>	<u>474,000</u>
<b>Accumulated impairment loss</b>		
At 1 July	401,000	203,000
Impairment loss recognised in the year	–	198,000
Derecognised on disposal of subsidiaries	<u>(401,000)</u>	<u>–</u>
At 30 June	<u>–</u>	<u>401,000</u>
<b>Net carrying amount</b>	<u>–</u>	<u>73,000</u>

## 12. TRADE RECEIVABLES – GROUP

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

Based on the invoice dates, ageing analysis of trade receivables is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 90 days	1,011	9,060
91 to 180 days	–	2,850
181 to 365 days	–	1,393
Over 365 days	–	2,751
	<u>1,011</u>	<u>16,054</u>

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

Based on the due dates, ageing analysis of trade receivables is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Neither past due nor impaired	<u>1,011</u>	<u>9,060</u>
Less than 90 days past due	–	2,850
Over 90 days past due	–	4,144
Trade receivables that are past due but not impaired	–	<u>6,994</u>
	<u>1,011</u>	<u>16,054</u>

As at 30 June 2015, there was no amount denominated in a currency other than the functional currency of the entity to which they relate (2014: Nil).

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

As at 30 June 2014, receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, management believed that no impairment allowance was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

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.

### 13. MATERIAL RELATED PARTY TRANSACTIONS

#### 13.1 The following transactions were carried out with the related parties:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Equipment acquired from a related company controlled by one of the substantial shareholders of the Company	81	895
Printing fees paid to a related company controlled by one of the substantial shareholders of the Company	–	367
Renovation service income received from a related company controlled by one of the substantial shareholders of the Company	338	–
Renovation service income received from a closely family member of one of the substantial shareholders of the Company	999	–
Rental expenses paid to a related company owned by one of the substantial shareholders of the Company	521	886
Rental expenses paid to a related company owned by one of the substantial shareholders of the Company	3,660	3,840
Dividend income received from a related company controlled by one of the substantial shareholders of the Company	–	9,380
	<u>5,599</u>	<u>15,368</u>

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.

#### 13.2 Key Management Personnel Compensation

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Short-term employee benefits	<u>6,592</u>	<u>8,016</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERVIEW**

Winfull Group Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) was principally engaged in the provision of property brokerage services, provision of schemes for property consolidation, assembly and redevelopment, property trading, property development and property investment. Those projects that have been engaged are all residential and commercial properties which are located in Hong Kong. After the completion of the disposal (the “Disposal”) of the entire equity interests of and all obligation, liabilities and debts owing or incurred by its wholly owned subsidiary, Vastwood Limited, and its subsidiaries (collectively the “Vastwood Group”) on 27 February 2015, the principal activities of the Group become property investment and trading and property development.

In May 2013, there was a judgment delivered by the Court of Final Appeal (“CFA”) of Hong Kong for the definition of “House”. As the applications regarding the re-development of the projects are still subject to be reviewed by the relevant government departments, and the Directors would require more time to review the CFA Judgment, the Board is of the view that it may be premature for the Directors to assess the potential impact of the CFA Judgment on the re-development of the above two projects at this stage. In the meantime, for the project at Nos.16-32 Junction Road, Kowloon (the “Junction Road Property”), the Group continues to co-operate with its joint venture partner to assess the possible impact of the CFA Judgment and to estimate the land premiums, if any, as may be charged by the Hong Kong government (the “Government”) for the redevelopment project. Regarding the project located at Nos.142-154 Carpenter Road, Kowloon (the “Carpenter Road Properties”), the Group also continues to evaluate the possible impact of the CFA Judgment with its partner before deciding on the actions to be taken, which may include continue with the re-development plan etc.

After the year ended 30 June 2015, a wholly owned subsidiary of the Company entered into a sales and purchase agreement with an independent third party for acquiring two retail shop units located at Kennedy Town, Hong Kong for investment purpose. The completion of the acquisition will be taken place on or before 30 September 2015. On 15 September 2015, another wholly owned subsidiary of the Company entered into a provisional sales and purchase agreement with an independent third party to purchase an industrial property in Kowloon Bay, Hong Kong for investment purpose. The completion of the acquisition will be taken place on or before 16 November 2015.

### **FINANCIAL PERFORMANCE**

The Group recorded a turnover (from continuing operations) of approximately HK\$7,236,000 in the year, representing an decrease of approximately 99% comparing with the previous financial year of approximately HK\$497,016,000. The significant decrease in turnover was mainly attributed to the decrease in revenue of the property development business. It generated a turnover of approximately HK\$491,747,000 in the last financial year, but there was no income from the property development business for the year ended 30 June 2015. For the discontinued operations of the property assembly and brokerage business, it recorded a turnover of approximately HK\$58,285,000 for the period from 1 July 2014 to 27 February 2015 (date of disposal), representing a decrease of approximately 8% as compared with that for the last fiscal year of approximately HK\$63,356,000.

Loss before income tax of the Group for the year from continuing operations and discontinued operations was approximately HK\$25,601,000, while a profit before income tax from continuing operations and discontinued operations of approximately HK\$44,706,000 was recorded for the previous financial year. As a result of the loss on disposal of the Vastwood Group, the loss attributable to owners of the Company for the year was approximately HK\$28,580,000 as compared with a profit of HK\$10,502,000 for the last financial year.

## **BUSINESS OVERVIEW**

### **Property Assembly and Brokerage Business**

Reflecting the Government's effort on curbing property prices for both residential and non-residential properties via various demand management measures and increasing the land supply through land sale program and other terms of land supply sources, the property market in Hong Kong was cooled off. The transaction volume of properties also slowed down notably. Furthermore, the lowering of compulsory auction sales threshold of old building from ownership of not less than 90% to not less than 80% since 1 April 2010 also stimulated the growth of the overall acquisition price of old buildings. The increment of land supply, the high acquisition price as well as the demand management measures introduced by the Government affected the plans of developers, and in turn has seriously challenged the property assembly and brokerage business of the Group.

The revenue from the property assembly and brokerage business dropped significantly as a result of the Government's effort to curb property prices for both residential and non-residential properties. With a view to offering better returns to the shareholders, the Group decided to dispose of its property assembly and brokerage business and focus on property investment and trading, and development businesses and adopt new business strategy.

On 11 December 2014, the Company entered into an agreement (the "Agreement") with its substantial shareholder, Richfield (Holdings) Limited ("RHL") and Mr. Au Wing Wah ("Mr. Au"), (i) to dispose the entire issued share capital of Vastwood Limited (the "Sale Share") and all obligations, liabilities and debts owing or incurred by the Vastwood Group to the Group (the "Sale Loan") at the consideration of HK\$231.8 million, being the market price of 760,000,000 shares of the Company at the disposal date, (ii) to repurchase of 760,000,000 shares (the "Repurchase Shares") held by RHL (the "Share Repurchase") at a consideration which is equivalent to the consideration for the Disposal pursuant to the terms and conditions of the Agreement. The Disposal and the Share Repurchase were subject to, among other things, approval by the independent shareholders at the extraordinary general meeting ("EGM") by way of poll on 17 February 2015. The details of the above connected transaction was set out in the Company's announcements dated 11 December 2014, 12 January 2015, 17 February 2015 and 27 February 2015, the Company's circular dated 12 January 2015 and the Company's supplemental circular dated 30 January 2015. The independent shareholders have casted in favour of the Disposal and the Share Repurchase at the EGM held on 17 February 2015. The completion of Disposal has taken place on 27 February 2015 and the cancellation of Repurchase Shares was also completed on 2 March 2015.

For the period from 1 July 2014 to 27 February 2015 (date of disposal), the turnover from the property assembly and brokerage business was approximately HK\$58,285,000, which is approximately equal to that for the last financial year of approximately \$63,356,000. The operating loss for the property assembly and brokerage business was approximately HK\$38,114,000 which has decreased by approximately 80% when compared with the loss of approximately HK\$191,451,000 for the last financial year. The unfavorable result for the current and last financial year was mainly attributable to the loss on Disposal for the current financial year of approximately HK\$54,391,000 and the goodwill impairment loss of approximately HK\$198,000,000 for the last financial year.

During the period from 1 July 2014 to 27 February 2015 (date of disposal), the Group has completed 3 major property assembly projects only, which is the same as the last financial year. The uncertain economic prospects as well as the Government's effort to curb property prices were the key factors limited the number of property assembly projects to be completed in these few years. Those major property projects completed during the current financial year are mainly located in Hong Kong Island and Kowloon, including the Mid-level and Tai Kok Tsui etc. The total sum of the major completed projects and the total revenue for the major completed projects recorded for the period were approximately HK\$746,910,000 and HK\$7,518,000, respectively, while the total accumulated contract sum for those major completed projects since their commencement was approximately HK\$2,420,000,000. The revenue received from those projects completed in previous year was approximately HK\$28,139,000 and the revenue received from other incomplete project was approximately HK\$22,628,000.

### **Property Development Business**

The Hong Kong economy grew modestly in the first quarter of 2015, by 2.1% in real terms over a year earlier. The inflation eased further. The domestic demand remained the key source of the growth of economy. The Hong Kong Monetary Authority announced the macro-prudential measures in late February 2015 to cool down the heated up residential property market. Thus, the number of sale and purchase agreements for residential property received by the Land Registry was slightly decreased.

In February 2015, the Government announced the 2015-16 land sale programme which includes 29 residential sites capable of providing a total of about 16,000 flats. Combining the various housing land supply resources, it is estimated that the total housing land supply in 2015-16 could provide for around 28,500 flats. In addition, there were concerns about the prospective US interest rate increases as well as the Greece's debt negotiations. The global economy was in a high level of uncertainty.

During the year, the Group is engaged in two property development projects, which are both located in Kowloon. A shareholder's agreement with a wholly owned subsidiary of Phoenix Asia Real Estate Investment, a client of the Group, for establishing an associate for a property development project at Nos. 18-32 Junction Road, Kowloon, Hong Kong ("Junction Road Property"), which the Group has 30% equity interests, has been proceeded in 2011. The project has a site area of approximately 10,200 square feet and a gross floor area of approximately 84,000 square feet. The project will be developed into a composite residential and commercial building. The development work is expected to be completion in 2016. The Group intended to develop it into a composite residential/commercial building.

In addition, the Group has acquired all the property units of the Carpenter Road Property during the year ended 30 June 2012. It has a site area of approximately 9,100 square feet. The Group held 100% equity interests of the project. On 17 March 2014, the Company has disposed 49% equity interests in those wholly owned subsidiaries which held the Carpenter Road Property to an independent third party. The disposal represents a good opportunity for realisation of the Group's investment in the Property whilst allows the Group to maintain its interests in the redevelopment of the Carpenter Road Property. Further, the proceeds from the disposal can reduce the overall gearing of the Group and can further strengthen the cash position of the Group and will allow the Group to reallocate its resources for future development.

Since there was a landmark judgment delivered by the CFA of Hong Kong in May 2013 for the definition of "House", the developments of these two projects were restricted under the relevant lease. On 25 June 2014, a new practice note of the "House" restrictions under Government leases has been circulated by the Lands Administration Office of the Lands Department in regards to the landmark judgment delivered by CFA. The applications regarding the redevelopment of the projects are still subject to review by the relevant government departments. At the same time, the Group is proceeding to evaluate the possible impact of the new practice note and the CFA Judgment on the redevelopment of the above two projects at this stage. In the meantime, for the Junction Road Property, the Group continues to co-operate with its joint venture partner to assess the possible impact of the new practice note and the CFA Judgment and to estimate the land premiums, if any, as may be charged by the Government for the redevelopment proposal. Regarding the Carpenter Road Properties, the Group and its joint venture partner also continue to evaluate the possible impact of the new practice note and the CFA Judgment before deciding on the actions to be taken.

The Group will continue to explore the best possible business development proposal as well as to enhance the benefit of the shareholders while overcoming the challenges ahead.

### **Property Investment and Trading**

Due to the cooling measure of the Government, the revenue from property assembly and brokerage business has decreased significantly over the past few years. The Group has commenced to explore potential property investment and trading opportunities with a view to provide steady income source to the Group. The Group has acquired four potential commercial properties for investment purpose, which are located in Hong Kong Island and Kowloon.

#### *Ground Floor Shop at Kimberley Road, Tsim Sha Tsui*

This property is located at the ground floor of Wing Lee Building at No. 23-31C Kimberley Road, Tsim Sha Tsui, Kowloon with approximately 4,500 square feet. It is currently leased by a local style restaurant. Being benefited by steady inbound tourism and local demand, the Group believes that this property could generate stable rental income for the Group.

### *Roof of Block C of Sea View Estate, North Point*

This property is located at the front portion of the roof of Sea View Estate in North Point, which is facing the South of Victoria Harbour in Hong Kong Island. The Group believes that it can be converted into an eye-catching rooftop advertising signage with approximately 300 square meters. The construction work of the advertising signage has been completed in March 2015 and the Group is looking for appropriate potential tenant for the signage.

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

After the year ended 30 June 2015, a wholly owned subsidiary of the Company has entered into a sale and purchase agreement with an independent third party to acquire a property of two connecting retail shop units at consideration of HK\$105,000,000 on 15 July 2015. The address of the property is shop No.2 on ground floor and shop No.3 on lower ground 1st floor of Grand Scholar, No. 419K Queen's Road West, Hong Kong. The property has a total gross floor area of approximately 10,300 square feet. The property is currently subject to a tenancy with rental agreed at HK\$238,000 per month (exclusive of management fees, government rent and rates) and expiring on 15 October 2016. The completion of the acquisition shall take place on or before 30 September 2015.

### *Whole floor of Kenning Industrial Building at 19 Wan Hoi Road, Kowloon Bay*

Another wholly owned subsidiary of the Company has entered into a provisional sales and purchase agreement with an independent third party on 15 September 2015 to acquire a whole floor of industry property at the consideration of HK\$76,000,000. The property is located at 4th Floor of Kenning Industrial Building, No. 19 Wan Hoi Road, Kowloon Bay, Hong Kong. The property has a total gross floor area of approximately 16,522 square feet. Approximately  $\frac{1}{4}$  of the property is currently leased out with rental agreed at HK\$66,500 per month (exclusive of government rent and rates but inclusive of management fees) which tenancy is due to expire in December 2017. The rest of the Property is occupied by the vendor for its own use. The completion of the acquisition shall take place on or before 16 November 2015.

During the financial year, the property investment and trading business recorded a gross rental income of approximately HK\$5,862,000. The operating profit for the property investment and trading business was approximately HK\$8,209,000. It is expected to provide a steady income source to the Group.

### **Corporate Social Responsibilities**

In the year, the Group supported various local charitable activities, such as donation to a charity walk of "Po Leung Kuk" for promoting Green Healthy Lifestyle and forming staff teams to participate in a charitable competition of hiking organized by "Green Power" for promoting environmental protection etc.



## **PROSPECT**

The growth of Hong Kong economy remained moderate in the year. The Government sustained its effort of raising flat supply through land sale program and other terms of land supply sources. The newly announced 2015-16 land sale programme is capable of providing a total of about 16,000 flats. Combining a range of land supply sources, it is estimated that housing land supply in the coming year could provide more than 28,500 private flats.

With the purpose of offering better returns to the shareholders, the Group decided to dispose of its property assembly and brokerage business and concentrate on property investment and trading, and development businesses. The Group continued to explore potential property developments and property investment and trading opportunities locally and internationally so as to broaden the revenue base which benefits the Company and the shareholders as a whole in the long run.

During the year, the Group has engaged in two local property development projects in Hong Kong. The experience of the Group obtained in those projects can be applicable to our future property development projects.

The Group will continue to explore potential property investment and trading opportunities with a view to provide steady income source to the Company. The Group is conscious to monitor and analyze the impact of the local and global economy so as to make cautious business decisions and to adjust our development plan if necessary so as to maximize the return to the shareholders of the Company.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 30 June 2015, the Group had net current assets of approximately HK\$953,773,000 (2014: approximately HK\$984,022,000) including cash and bank balances of approximately HK\$589,283,000 (2014: approximately HK\$734,053,000).

The gearing ratio was 0% as at 30 June 2015 (2014: 6.5%). The gearing ratio is derived by dividing the total of borrowings and finance lease liabilities by total assets. The gearing ratio has decreased for the financial year under review when compared to 30 June 2014 due to the repayment of bank borrowings for investment properties and the derecognition of bank borrowings upon the Disposal for the year.

During the year, the Group financed its operations with its own working capital and bank borrowings. As at 30 June 2015, there was no unsecured and secured bank borrowing (2014: approximately HK\$130,752,000, in which approximately HK\$64,313,000 are repayable within a period of not exceeding 5 years and approximately HK\$66,439,000 are repayable beyond 5 years), and no other borrowing for the Group (2014: approximately HK\$1,836,000, which was repayable within a period of not exceeding 5 years).

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

Save for those disclosed in this announcement, 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 announcement.

### PLEDGE OF ASSETS

As at 30 June 2015, none of the assets of the Group was pledged to secure bank facilities for the Group (2014: investment properties and leasehold properties of the Group with a carrying value of approximately HK\$225,000,000 and HK\$98,237,000 respectively were pledged to secure banking facilities for the Group).

### CONTINGENT LIABILITIES

As at 30 June 2015, the Company had given guarantees of HK\$144,000,000 (2014: HK\$238,000,000) in respect of the banking facilities of the associate for the property development projects at Nos. 18-32 Junction Road, Kowloon, Hong Kong.

### LEASE AND CONTRACTED COMMITMENTS

The Group leases a number of properties under operating leases. The leases run for an period of one to two years (2014: two years). As at 30 June 2015 and 2014, none of the leases included contingent rentals.

At 30 June 2015, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within one year	<b>2,515</b>	1,173
In the second to fifth years	<b>483</b>	–
	<b>2,998</b>	1,173

### CAPITAL COMMITMENTS

	<b>Group</b>		<b>Company</b>	
	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Contracted but not provided for:				
Available-for-sale financial assets	<b>3,626</b>	3,320	<b>3,626</b>	3,320

## **FOREIGN EXCHANGE EXPOSURE**

The Group's income and expenditure during the year were denominated in United States dollars ("US\$"), British Pound ("GBP"), HK dollars ("HK\$") and Renminbi ("RMB"), and most of the assets and liabilities as at 30 June 2015 were denominated in US\$, GBP, HK\$ and RMB. 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 RMB and GBP foreign exchange exposure and fluctuation of exchange rates of RMB and GBP against HK\$ could affect the Group's results of operations. During the year, no hedging transaction or arrangement was made.

## **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 3 to this announcement.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2015, the Group had 10 (2014: 105) employees, including the directors of the Company (the "Directors"). Total staff costs (including Directors' emoluments) were approximately HK\$4,324,000 for the year (from continuing operations) as compared to approximately HK\$39,441,000 (from continuing operations and discontinued operations) 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.

## **DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 30 June 2015 (2014: Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Friday, 27 November 2015 to Tuesday, 1 December 2015, both days inclusive, during which period no transfer of 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 26 November 2015.

## **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”) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The Company has complied with all CG Code during the year ended 30 June 2015 except for the code provisions A.2.1 and A.2.7 of the CG Code.

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.

Code provision A.2.7 of the CG Code specifies that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. However, the post of chairman of the Company (the “Chairman”) has been vacant since the resignation of Mr. Pong Wai San, Wilson (“Mr. Pong”) as the Chairman with effect from 5 February 2008 and therefore no meeting of the Chairman and non-executive Directors has been held during the year ended 30 June 2015. If candidate with suitable skills and experience is identified within or outside the Group, the Company will make necessary arrangement for the new appointment at appropriate time.

## **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 of 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.

## **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 written terms of reference which were revised on 28 February 2011 and 30 March 2012 respectively. As at the date of this announcement, the Remuneration Committee consists of three members, of which all are independent non-executive Directors, namely Mr. Koo Fook Sun, Louis (“Mr. Koo”), Mr. Lung Hung Cheuk (“Mr. Lung”) and Ms. Yeung Wing Yan, Wendy (“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 revised 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 and termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive Directors.

The Remuneration Committee held 3 meetings during the year to review the remuneration packages of all the Directors and senior management of the Company.

## **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 written terms of reference which were revised on 28 February 2011 and 30 March 2012 respectively. As at the date of this announcement, the Nomination Committee consists of three members, of which all 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 revised 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. 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.

The Nomination Committee held 3 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.

## **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 23 March 2007 with written terms of reference which were revised on 28 February 2011 and 30 March 2012 respectively. During the year, the Audit Committee was chaired by Mr. Koo and as at the date of this announcement, all Audit Committee members are independent non-executive Directors, namely Mr. Koo, Mr. Lung and Ms. Yeung.

The revised 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 reporting process and internal controls system of the Group and provide advice and comments on the Company’s draft annual reports and accounts, half-year reports and 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 2014 and the unaudited consolidated financial statements for the three months ended 30 September 2014, six months ended 31 December 2014 and nine months ended 31 March 2015 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 internal control system. During the year, the Audit Committee met the Company’s auditor twice.

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 statement for the year ended 30 June 2015.

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

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

## **APPRECIATION**

I would like to take this opportunity to express my appreciation to the shareholders of the Company for their support, to the management and staff for their dedicated efforts to the Group and to our clients, consultants and partners for all their valuable assistance offered during this past year.

By order of the Board  
**LEE WING YIN**  
*Executive Director*

Hong Kong, 24 September 2015

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