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WINFULL GROUP HOLDINGS LIMITED

宏輝集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 183)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

INTERIM RESULTS

The board of directors (the "Director(s)") (the "Board") of Winfull Group Holdings Limited (the "Company") herein presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 31 December 2015 together with the comparative unaudited figures for the corresponding periods in 2014 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2015

		Six months ended 31 December	
	Notes	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Re-presented) (Unaudited)
Continuing operations			
Revenue	4	6,393	4,465
Cost of sales		(2,144)	(1,202)
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Gross profit		4,249	3,263
Other income	4	3,991	12,217
Selling and distribution expenses		–	(120)
Administrative expenses and other operating expenses		(8,920)	(18,725)
Finance costs		–	(5)
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Loss before income tax	6	(680)	(3,370)
Income tax expense	7	(51)	(439)
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Loss for the period from continuing operations		(731)	(3,809)
Discontinued operations			
Profit for the period from discontinued operations	5	–	14,478
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(Loss)/Profit for the period		(731)	10,669

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT (cont'd)

For the six months ended 31 December 2015

	Notes	Six months ended 31 December	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Re-presented) (Unaudited)
(Loss)/Profit for the period attributable to:			
Owners of the Company			
Loss for the period from continuing operations		(882)	(3,759)
Profit for the period from discontinued operations		–	14,478
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(Loss)/Profit for the period attributable to owners of the Company		(882)	10,719
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Non-controlling interests			
Profit/(Loss) for the period from continuing operations		151	(50)
Loss for the period from discontinued operations		–	–
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Profit/(Loss) for the period attributable to non-controlling interests		151	(50)
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		(731)	10,669
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(Loss)/Earnings per share from continuing and discontinued operations			
Basic and diluted	9	HK(0.03) cent	HK0.31 cent
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Loss per share for profit from continuing operations			
Basic and diluted	9	HK(0.03) cent	HK(0.11) cent
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Earnings per share for profit from discontinued operations			
Basic and diluted	9	NIL	HK0.42 cent
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2015

	Six months ended 31 December	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
(Loss)/Profit for the period	(731)	10,669
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Net fair value (loss)/gain on available-for-sale financial assets	(5,125)	736
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	303	(7,545)
Exchange differences arising on translation of foreign operations	(7,262)	(11,583)
Other comprehensive income for the period, net of tax	(12,084)	(18,392)
Total comprehensive income for the period	(12,815)	(7,723)
Total comprehensive income for the period attributable to:		
Owners of the Company	(12,966)	(7,673)
Non-controlling interests	151	(50)
	(12,815)	(7,723)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	As at 31 December 2015 HK\$'000 (Unaudited)	As at 30 June 2015 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,388	1,915
Investment properties		425,710	228,800
Available-for-sale financial assets	10	50,048	57,188
		477,146	287,903
Current assets			
Amounts due from associates		116,614	125,613
Amounts due from a joint venture		20	20
Properties held for trading		117,368	32,450
Properties under development		444,775	444,705
Trade receivables	11	1,286	1,011
Prepayments, deposits and other receivables		5,039	5,279
Financial assets at fair value through profit or loss		21,065	1,626
Cash and bank balances		319,805	589,283
		1,025,972	1,199,987
Current liabilities			
Trade payables	12	300	–
Accrued expenses and other payables		6,236	4,444
Amount due to controlling shareholder		32,882	–
Amounts due to non-controlling shareholders		234,812	234,122
Provision for income tax		27	7,648
		274,257	246,214
Net current assets		751,715	953,773
Total assets less current liabilities		1,228,861	1,241,676

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(cont'd)

As at 31 December 2015

	Notes	As at 31 December 2015 HK\$'000 (Unaudited)	As at 30 June 2015 HK\$'000 (Audited)
Non-current liabilities			
Deferred tax liabilities		325	325
		325	325
Net assets			
		1,228,536	1,241,351
EQUITY			
Share capital	13	27,185	27,185
Reserves		1,201,757	1,214,723
Equity attributable to owners of the Company			
		1,228,942	1,241,908
Non-controlling interests		(406)	(557)
Total equity			
		1,228,536	1,241,351

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2015

	Six months ended 31 December	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Net cash used in operating activities	(78,704)	(27,866)
Net cash (used in)/generated from investing activities	(61,449)	102,715
Net cash used in financing activities	–	(87,548)
Net decrease in cash and cash equivalents	(140,153)	(12,699)
Cash and cash equivalents at beginning of period	467,220	442,846
Effect of foreign exchange rate change	(7,262)	(11,583)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	319,805	418,564
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	19,810	56,825
Short-term deposits	299,995	361,739
	319,805	418,564

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 31 December 2015

	Equity attributable to owners of the Company									
	Share capital HK\$'000 (Unaudited)	Share premium account HK\$'000 (Unaudited)	Translation reserve HK\$'000 (Unaudited)	Share-based payment reserve HK\$'000 (Unaudited)	Revaluation reserve HK\$'000 (Unaudited)	Other reserve HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Non-controlling interests HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)
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
Profit for the period	-	-	-	-	-	-	10,719	10,719	(50)	10,669
Other comprehensive income:										
Net fair value gain on available-for-sale financial assets	-	-	-	-	736	-	-	736	-	736
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	-	-	-	-	(7,545)	-	-	(7,545)	-	(7,545)
Exchange differences arising on translation of foreign operations	-	-	(11,583)	-	-	-	-	(11,583)	-	(11,583)
Total comprehensive income for the period	-	-	(11,583)	-	(6,809)	-	10,719	(7,673)	(50)	(7,723)
At 31 December 2014	34,785	1,274,759	(5,424)	9,241	1,681	2,997	192,675	1,510,714	(109)	1,510,605

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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Winfull Group Holdings Limited (the "Company") is an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Unit A, 6th Floor, 9 Queen's Road Central, Hong Kong.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of property investment and trading and property development. There were no significant changes in the Group's operations during the period.

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 5. Certain comparatives on the unaudited condensed consolidated income statement, and related notes have been re-presented so as to reflect the results for the continuing operations and discontinued operations as if the operations had been discontinued at the beginning of the comparative period.

These condensed consolidated interim financial statements are unaudited, but have been reviewed by the audit committee of the Company and approved for issue by the board of directors (the "Board") of the Company on 26 February 2016.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2015 (the "Condensed Financial Report") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

These Condensed Financial Report do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015 (the "2015 Annual Financial Statements"), which have been prepared in accordance with Hong Kong Financial Reporting Standards.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(cont'd)*

Basis of preparation *(cont'd)*

The preparation of the Condensed Financial Report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

In preparing the Condensed Financial Report, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2015 Annual Financial Statements.

The Condensed Financial Report have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, available-for-sale financial assets and investment properties which are stated at fair value.

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

Principal accounting policies

The accounting policies used in the preparation of these Condensed Financial Report are consistent with those set out in the 2015 Annual Financial Statements.

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

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

3. SEGMENT INFORMATION

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

The Group has identified the following reportable segments:

Property Assembly and Brokerage Business:	Provision of property brokerage services; provision of schemes for property consolidation, assembly and redevelopment; and property trading for assembly project purpose
Property Development Business:	The Group's property development business is segregated further into two reportable segments on a geographical basis – Hong Kong and the United Kingdom
Property Investment and Trading Business:	Investment in the properties and property trading for profit-making purpose
Others:	Other businesses, e.g. renovation

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

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

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

3. SEGMENT INFORMATION (cont'd)

There was no inter-segment sale and transfer during the period (six months ended 31 December 2014: Nil).

	Six months ended 31 December 2015 (Unaudited)						
	Continuing operations					Discontinued operations	
	Property Development Business – Hong Kong	Property Development Business – the United Kingdom	Property Investment and Trading Business	Others	Total	Property Assembly and Brokerage Business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue:							
From external customers	-	-	3,971	2,422	6,393	-	6,393
Reportable segment profit/(loss)	(256)	(32)	3,523	277	3,512	-	3,512
Reportable segment assets	226,413	32	557,451	1,205	785,101	-	785,101

	Six months ended 31 December 2014 (Re-presented) (Unaudited)						
	Continuing operations					Discontinued operations	
	Property Development Business – Hong Kong	Property Development Business – the United Kingdom	Property Investment and Trading Business	Others	Total	Property Assembly and Brokerage Business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue:							
From external customers	-	-	3,129	1,336	4,465	48,086	52,551
Reportable segment profit/(loss)	(220)	(116)	1,770	120	1,554	18,931	20,485
Reportable segment assets	446,746	1,657	262,532	627	711,562	430,718	1,142,280

3. SEGMENT INFORMATION *(cont'd)*

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

	Six months ended	
	31 December	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Represented) (Unaudited)
Revenue		
Reportable segment revenue	6,393	52,551
Consolidated revenue	6,393	52,551
Profit before income tax and discontinued operations		
Reportable segment profit	3,512	20,485
Reportable segment profit – discontinued operations	–	(18,931)
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	(303)	7,545
Net fair value gain on financial assets at fair value through profit and loss	–	254
Interest income	1,926	1,766
Dividend income	1,415	2,361
Exchange (loss)/gain, net	(2,569)	(9,966)
Corporate salaries and allowances	(1,629)	(1,833)
Depreciation on corporate property, plant and equipment	(356)	(365)
Corporate rent and rates	(2,018)	(2,361)
Unallocated corporate expenses	(658)	(2,325)
Consolidated loss before income tax from continuing operations	(680)	(3,370)

4. REVENUE AND OTHER INCOME

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

	Six months ended	
	31 December	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Re-presented) (Unaudited)
Revenue		
Continuing operations		
Rental income from investment properties	3,971	3,129
Renovation service income	2,422	1,336
	6,393	4,465
Discontinued operations		
Commission income	–	46,768
Lease management services income	–	1,318
	–	48,086
	6,393	52,551
Other income		
Continuing operations		
Interest income	1,926	1,766
Dividend income	1,415	2,361
Rental income from properties held for trading and properties under development	–	246
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	–	7,545
Net fair value gain on financial assets at fair value through profit and loss	–	254
Sundry income	650	45
	3,991	12,217

5. 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 RHL. 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, (iii) an associate (i.e. 20% interest in Corporate Icon Limited; and (iv) a joint venture (i.e. 10% interest in Cosmo Reach Limited).

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.

6. LOSS BEFORE INCOME TAX

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

	Six months ended	
	31 December	
	2015	2014
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Depreciation	552	561
Directors’ remuneration	1,055	1,000
Exchange losses, net	2,569	9,966

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 31 December 2014: 16.5%) on the estimated assessable profit arising in Hong Kong for the current period.

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

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2015 (six months ended 31 December 2014: Nil).

9. (LOSS)/EARNINGS PER SHARE

(a) From continuing and discontinued operations

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

	Six months ended 31 December	
	2015 (Unaudited)	2014 (Unaudited)
(Loss)/Profit for the period, attributable to owners of the Company (HK\$'000)	(882)	10,719
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	2,718,500	3,478,500

(b) From continuing operations

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

	Six months ended 31 December	
	2015 (Unaudited)	2014 (Re-presented) (Unaudited)
Loss for the period from continuing operations (HK\$'000)	(882)	(3,759)

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

9. (LOSS)/EARNINGS PER SHARE (cont'd)

(c) From discontinued operations

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

	Six months ended	
	31 December	
	2015	2014
	(Unaudited)	(Re-presented) (Unaudited)
Profit for the period from discontinued operations (HK\$'000)	–	14,478

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

There were no diluted potential ordinary shares for the six months ended 31 December 2015 and 2014 as the outstanding share options were out of the money for the purpose of the diluted earnings per share calculation.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December	30 June
	2015	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Non-current		
Listed equity securities – Hong Kong	12,228	15,635
Listed debts investments – Hong Kong	17,601	25,346
Listed debts investments – outside Hong Kong	–	5,053
Unlisted investment funds	20,219	11,154
	50,048	57,188

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS (cont'd)

	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
Net carrying amount at beginning of the year	57,188	100,753
Additions	9,036	1,466
Disposals	(11,439)	(49,142)
Change in fair value (debited)/credited to revaluation reserve in equity	(4,737)	4,111
Net carrying amount at end of the period/year	50,048	57,188

Listed equity securities and listed debts investments with carrying amounts of HK\$12,228,000 (30 June 2015: HK\$15,635,000) and HK\$17,601,000 (30 June 2015: HK\$30,399,000) respectively are stated at fair value. The fair values have been determined directly by reference to published price and quotations in active markets.

Unlisted investment funds with a carrying amount of HK\$20,219,000 (30 June 2015: HK\$11,154,000) are measured at cost less impairment losses as the variability in the range of reasonable fair value estimates is significant and the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value. The directors of the Company are of the opinion that the fair value cannot be measured reliably.

As at 31 December 2015 and 30 June 2015, available-for-sale financial assets were individually determined to be impaired on the basis of a material decline in their fair value below cost which indicated that the investment costs may not be recovered. For the six months ended 31 December 2015 and 2014, no impairment on these investments was recognised in profit or loss. As at 31 December 2015 and 30 June 2015, the fair value of individual impaired available-for-sale equity securities was nil.

11. TRADE RECEIVABLES

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

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

	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
Within 90 days	1,286	1,011

12. TRADE PAYABLES

The Group was granted a credit period of 1 month by its suppliers.

Based on the invoices dates, the ageing analysis of trade payables is as follows:

	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
Within 90 days	300	–

13. SHARE CAPITAL

	Number of shares	HK\$'000 (Unaudited)
Authorised		
Ordinary shares of HK\$0.01 each	10,000,000,000	100,000
Issued and fully paid		
Ordinary shares of HK\$0.01 each At 1 July 2015 and 31 December 2015	2,718,500,000	27,185

14. MATERIAL RELATED PARTY TRANSACTIONS

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

	Six months ended 31 December	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Renovation service income received from a related company controlled by one of the substantial shareholders of the Company	2,406	300
Rental expenses paid to a related company owned by a director of a subsidiary of the Company	–	397
Rental expenses paid to a related company owned by a substantial shareholder of the Company	840	1,920
Professional fees paid to a related company in which one director of the Company is a partner	150	–
	3,396	2,617

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

Key management personnel compensation

	Six months ended 31 December	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Short-term employee benefits	1,055	6,640

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

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

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

	Notes	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
31 December 2015					
Assets:					
Available-for-sale financial assets					
– Listed equity securities	(a)	12,228	–	–	12,228
– Listed debts investments	(b)	17,601	–	–	17,601
Financial assets at fair value through profit or loss					
– Unlisted investment funds	(c)	21,065	–	–	21,065
Total and net fair values		50,894	–	–	50,894

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

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

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

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

(a) Listed Equity Securities

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

(b) Listed Debts Investments

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

(c) Unlisted Investments Funds

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2015 (six months ended 31 December 2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group was principally engaged in property investment and trading and property development. Before the completion of 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 on 27 February 2015, the principal activities of the Group were provision of property brokerage services, provision of schemes for property consolidation, assembly and redevelopment, property trading, property development and property investment.

During the period under review, the Group was engaged in two property development projects, which are located in Hong Kong. The Group has also acquired two commercial properties, which are located in Hong Kong and the United Kingdom, and one industrial property in Hong Kong for investment and trading purposes.

The Hong Kong economy grew modestly in the second half-year of 2015 with the inflation eased further. The domestic demand remained the key source of the growth of economy and expanded further during the period while external demand was weakened. The residential property market turned quieter in the second half year of 2015. The increment of flat prices was moderate while trading volume dropped during the period, especially after the increase of US interest rates in December 2015. In view of the anticipation of further increase in US interest rate and the growing concerns over slowdown of China economy, the Hong Kong and global economy were in a high level of uncertainty.

FINANCIAL REVIEW

The Group recorded a turnover (from continuing operations) of approximately HK\$6,393,000 for the six months ended 31 December 2015, representing an increase of approximately 43% comparing with that of approximately HK\$4,465,000 for the corresponding period of last financial year. The improvement in turnover was mainly attributed to the increase in turnover from the property investment and trading business and the renovation business.

Loss before income tax of the Group for the six months ended 31 December 2015 from continuing operations was approximately HK\$680,000, representing a decrease of approximately 80% comparing with the loss before income tax of approximately HK\$3,370,000 for the corresponding period of last financial year. The decrease was mainly attributable to the increase in revenue from continuing operations and the decrease in exchange loss recognised for the depreciation of British Pound ("GBP") for the period under review. Thus, a loss attributable to owners of the Company for the period of approximately HK\$882,000 was recorded for the period and it represents a decrease of approximately 77% when compared with the loss attributable to owners of the Company of approximately HK\$3,759,000 for the corresponding period of last financial year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2015, the Group has net current assets of approximately HK\$751,715,000 (30 June 2015: approximately HK\$953,773,000), including cash and bank balances of approximately HK\$319,805,000 (30 June 2015: approximately HK\$589,283,000).

The gearing ratio was 22% as at 31 December 2015 (30 June 2015: 19%). The gearing ratio is expressed as a percentage of total borrowings (including amounts due to controlling shareholders and non-controlling shareholders) over total equity. The gearing ratio remained relatively stable in the financial period under review compared to 30 June 2015.

During the six months ended 31 December 2015, the Group financed its operations with its own working capital and borrowings. As at 31 December 2015, there was no unsecured and secured bank borrowings (30 June 2015: Nil). Total other borrowings of the Group amounted to HK\$267,694,000 (30 June 2015: 234,122,000), which are also repayable within a period (including amount due to non-controlling shareholder) 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 interim report, there were no significant investment held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 31 December 2015 and there is no plan for material investments or capital assets as at the date of this interim report.

PLEDGE OF ASSETS

As at 31 December 2015, none of the assets (30 June 2015: Nil) was pledged to secure banking facilities for the Group.

CONTINGENT LIABILITIES

The Company and one of its subsidiaries had executed guarantees of HK\$144,000,000 each (30 June 2015: HK\$144,000,000) in respect of the banking facilities of the associate for the property development projects at Nos. 18–32 Junction Road, Kowloon, Hong Kong as at 31 December 2015.

LEASE AND CONTRACTED COMMITMENTS

The Group leases a number of properties under operating leases. The leases 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 dates as mutually agreed between the Group and respective landlords/lessors. None of the leases include contingent rentals.

At 31 December 2015, the total future minimum lease payments under non-cancellable operating leases payable by the Group as follows:

As Lessee

	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
Within one year	1,323	2,515
In the second to fifth years	–	483
	1,323	2,998

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

At 31 December 2015, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

As Lessor

	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
Within one year	15,131	5,576
In the second to fifth years	50,644	7,202
	65,775	12,778

Save for the above commitment, as at 31 December 2015, neither the Group nor the Company had any other significant commitments.

FOREIGN EXCHANGE EXPOSURE

The Group's income and expenditure during the six months ended 31 December 2015 were denominated in United States dollars ("US\$"), GBP, HK\$ and Renminbi ("RMB"), and most of the assets and liabilities as at 31 December 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 period, no hedging transaction or arrangement was made since the exchange rates of RMB and GBP to HK\$ were fluctuated within a tolerable range.

TREASURY POLICIES

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

SEGMENT INFORMATION

The analysis of the principal activities of the operations of the Group are set out in note 3 to the Condensed Financial Report.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group had 10 (30 June 2015: 10) employees, including Directors. Total staff cost (including Directors' emoluments) was approximately HK\$1,758,000 for the six months ended 31 December 2015 as compared to approximately HK\$24,430,000 for the six months ended 31 December 2014. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and share option scheme.

BUSINESS OVERVIEW

Property Development Business

During the period under review, 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 former customer of the Group, for establishing an associate for a property redevelopment project at Nos. 18-32 Junction Road, Kowloon, Hong Kong ("Junction Road Property Project"), 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.

In respect of the redevelopment project at Nos. 142-154 Carpenter Road, Kowloon, Hong Kong ("Carpenter Road Property Project"), the Group has acquired all the property units of this project 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 Project, to an independent third party. The disposal represents a good opportunity for realisation of the Group's investment in the Carpenter Road Property Project whilst allows the Group to maintain its interests in the redevelopment of the project. 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 Court of Final Appeal ("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.

As updated in the announcement dated 16 December 2015, an approval letter in relation to the redevelopment of the Junction Road Property Project under lease conditions was granted by District Lands Officer/Kowloon East of the Lands Department and no land premium was mentioned. The Group is working with its joint venture partner to estimate the costs and timetable for reinitiating the development project. The development work is expected to be completed in 2016. The applications regarding the redevelopment of the Carpenter Road Project Projects are still subject to review by the relevant government departments. The Group and its joint venture partner continue to evaluate the possible impact of the new practice note and the CFA Judgment before deciding on the actions to be taken.

BUSINESS OVERVIEW (cont'd)

Property Investment and Trading

In addition to two commercial properties, including the shop at Wing Lee Building in Tsim Sha Tsui, and the front portion of the roof of Sea View Estate in North Point, held by the Group, it has acquired two new commercial properties and one industrial property in Hong Kong and the United Kingdom during the period under review. Details of the three new properties are as follows:

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

The property was acquired by the Group at consideration of HK\$105,000,000 and the transaction was completed on 30 September 2015. The property is located at Grand Scholar, No. 419K Queen's Road West, Hong Kong with 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 an established Montessori kindergarten.

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

Another industrial property was acquired by the Group on 15 September 2015 at consideration of HK\$76,000,000. The acquisition was completed on 16 November 2015. The property is located at 4th Floor of Kenning Industrial Building, No. 19 Wan Hoi Road, Kowloon Bay, Hong Kong and is proximity to the Kowloon Bay MTR station. The property has a total gross floor area of approximately 16,500 square feet and over 60% of the floor area of the property has been leased.

Atlantic House at Cardiff, United Kingdom

The Group has acquired another freehold commercial property in United Kingdom on 18 December 2015 at consideration of approximately HK\$80,000,000. The property is located at Cardiff, United Kingdom with a total net floor area of approximately 42,000 square feet. The property has two office buildings which are individually let to two tenants, including a law firm and an university. The existing gross rental yield of the property is more than 7%. Cardiff is the principal office market within Wales and one of the major regional central in the United Kingdom. The Group believes that it is good opportunity for acquiring the property for short term trading purpose.

During the period under review, the segment from property investment and trading business recorded a revenue of approximately HK\$3,971,000, representing 62% of the Group's revenue for the period. The segment is expected to provide a significant and steady income source to the Group.

PROSPECTS

The growth of Hong Kong economy remained moderate in the year. The Hong Kong Government sustained its effort of raising flat supply through land sale program and other terms of land supply sources. Combining a range of land supply sources, it is estimated that housing land supply will be increased in the foreseeable future.

During the period under review, 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 keeps on expanding its property development business, but also continues to take a conservative strategy on investment in new projects in view of the uncertainties in the local and global scene.

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.

CONTINUING CONNECTED TRANSACTIONS

On 23 September 2014, the Board approved the renewal of two tenancy agreements of the Company (the "Tenancy Agreements") with Flexwood Limited ("Flexwood") as landlord, which were signed on 23 September 2014, pursuant to which the Company will continue to rent two existing premises owned by Flexwood for a term of two years commencing from 15 October 2014 with the monthly rents of HK\$140,000 and HK\$180,000 respectively. The Directors consider that it is in the commercial interest of the Company if the Company continues to rent the existing office premises as it is not easy to identify other appropriate premises and the Company will bear unnecessary relocation costs and expenses if the Company has to move to other premises. Flexwood is a property holding company wholly and beneficially owned by Mr. Pong, a consultant and substantial shareholder of the Company. Accordingly, Flexwood is a connected person to the Company as defined under the Listing Rules and the transactions under the Tenancy Agreements constitute continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules. The details of the above continuing connected transactions were set out in the Company's announcement dated 23 September 2014.

On 20 May 2015, the Company has signed a surrender agreement (the "Surrender Agreement") with Flexwood for surrendering one of the Tenancy Agreements with the monthly rents of HK\$180,000 with effect from 1 June 2015 (the "Surrender Date"). In accordance with the Surrender Agreement, the Company was released from all future liabilities, claims and demands in respect of any breach of any of the covenants contained in or otherwise arising under that tenancy agreement from the Surrender Date.

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

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed shares during the six months ended 31 December 2015.

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 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 six months ended 31 December 2015.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 of the Listing Rules. The Company has complied with the code provisions set out in the Code throughout the six months ended 31 December 2015, except for the deviation that the post of chairman has been vacant since the resignation of Mr. Pong on 5 February 2008. If candidate with suitable skill and experience is identified within or outside the Group, the Company will make necessary arrangement for the new appointment at appropriate time.

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.

AUDIT COMMITTEE

The Company established an audit committee (the "Committee") on 2 May 2002, with written terms of reference in compliance with the Listing Rules, which were revised on 28 February 2011 and 30 March 2012 respectively, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive Directors, namely Mr. Koo Fook Sun, Louis, Mr. Lung Hung Cheuk and Ms. Yeung Wing Yan, Wendy. The unaudited consolidated results of the Group for the six months ended 31 December 2015 have been reviewed by the Committee, who is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

By Order of the Board
Lee Wing Yin
Executive Director

Hong Kong, 26 February 2016

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