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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)

**MAJOR TRANSACTION:
DISPOSAL OF 30% EQUITY INTERESTS IN
APEX PLAN LIMITED**

9 June 2017

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DEFINITIONS

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

“Apex Plan”	Apex Plan Limited, a company incorporated in the British Virgin Islands with limited liability and is owned as to 30% by Joy Shing and 70% by Apex Step
“Apex Step”	Apex Step Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Winfull Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on Stock Exchange under stock code: 183
“Completion”	completion of the Disposal
“Consideration”	HK\$1,300,000,000, being the consideration for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	(i) the sale of the entire issued share capital of Apex Plan; and (ii) the sale of all the outstanding shareholders’ loan of Apex Plan by the Vendors pursuant to the Formal Sale and Purchase Agreement
“Everhost”	Everhost Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Apex Plan
“Formal Sale and Purchase Agreement”	the formal sale and purchase agreement dated 26 May 2017 and entered into among the Vendors, the Purchaser, the Company, Pena Investments and the Purchaser’s guarantors in relation to the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) who, together with his/her ultimate beneficial owner(s), is/are persons independent of the Company and its connected persons (within the meaning of the Listing Rules)
“Joy Shing”	Joy Shing Development Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Latest Practicable Date”	7 June 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Pong”	Pong Wilson Wai San, an executive Director and Chairman of the Company
“Pena Investments”	Pena Investments Limited, a company incorporated in the British Virgin Islands and is the holding company of Apex Step
“Property”	the property located at Nos.18–32 Junction Road, Kowloon, Hong Kong
“Provisional Sale and Purchase Agreement”	the provisional sale and purchase agreement dated 1 April 2017 and entered into among the Vendors, the Purchaser, and the Purchaser’s guarantors in relation to the Disposal
“Purchaser”	Multi Fun Limited, a company incorporated in Hong Kong, being the purchaser of the Provisional Sale and Purchase Agreement
“Shareholder(s)”	holder(s) of issued Share(s)
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Apex Plan and its subsidiaries, including Everhost

DEFINITIONS

“Vendors”

Joy Shing and Apex Step

“Virtue Partner”

Virtue Partner Group Limited, a company incorporated in the British Virgin Islands and its entire issued share capital is beneficially owned by Mr. Pong

“%”

per cent.

LETTER FROM THE BOARD



WINFULL GROUP HOLDINGS LIMITED

宏輝集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 183)

Executive Directors:

Mr. Pong Wilson Wai San (*Chairman*)

Mr. Lee Wing Yin

Mr. Ngan Man Ho

Non-executive Director:

Mr. Lai Hin Wing Henry

Independent non-executive Directors:

Mr. Koo Fook Sun Louis

Ms. Yeung Wing Yan Wendy

Mr. Lung Hung Cheuk

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Principal Place of Business
in Hong Kong:*

Unit A, 6/F.

9 Queen's Road Central

Hong Kong

9 June 2017

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION: DISPOSAL OF 30% EQUITY INTERESTS IN APEX PLAN LIMITED

INTRODUCTION

The Board announced that on 1 April 2017, Joy Shing and Apex Step as vendors, and the Purchaser and the Purchaser's sole shareholder and directors as Purchaser's guarantors entered into the Provisional Sale and Purchase Agreement, pursuant to which Joy Shing and Apex Step have agreed to sell and the Purchaser has agreed to purchase the entire issued share capital and all outstanding shareholders' loan of Apex Plan for a cash consideration of HK\$1,300,000,000. The parties to the Provisional Sale and Purchase Agreement entered into the Formal Sale and Purchase Agreement on 26 May 2017. The Disposal is subject to the satisfaction of the conditions as set out in the paragraph headed "Conditions" below.

LETTER FROM THE BOARD

As all the relevant percentages exceed 25% but below 100%, the Disposal constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to, among others, the approval of the Shareholders at a general meeting of the Company.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval of the Disposal may be given by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the Disposal.

Written approval for the Disposal has been obtained from Mr. Pong and Virtue Partner and as such, no general meeting will be convened for the purpose of approving the Disposal.

The purposes of this circular are to provide you with, among other things, further details of the Disposal and the independent valuation report on the Property.

THE DISPOSAL

The Board announced that on 1 April 2017, Joy Shing and Apex Step as vendors, and the Purchaser and the Purchaser's sole shareholder and directors as Purchaser's guarantors entered into the Provisional Sale and Purchase Agreement, pursuant to which Joy Shing and Apex Step have agreed to sell and the Purchaser has agreed to purchase the entire issued share capital and all outstanding shareholders' loan of Apex Plan for a cash consideration of HK\$1,300,000,000. The parties to the Provisional Sale and Purchase Agreement entered into the Formal Sale and Purchase Agreement on 26 May 2017.

FORMAL SALE AND PURCHASE AGREEMENT

The salient terms of the Formal Sale and Purchase Agreement are as follows:

Date

26 May 2017

Parties

Vendors: (i) Joy Shing,

(ii) Apex Step

Purchaser: The Purchaser

Joy Shing guarantor: The Company

Apex Step guarantor: Pena Investments

Purchaser's guarantors: the sole shareholder and the directors of the Purchaser

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is an investment holding company incorporated in Hong Kong with limited liabilities and the Purchaser, its ultimate beneficial owner(s) and guarantors are Independent Third Parties. Apex Step as at the Latest Practicable Date is holding of 70% shareholding interest in the Apex Plan and Apex Step and its ultimate beneficial owners are Independent Third Parties. The principal business of Apex Step is investment holding in Apex Plan (jointly held with joint venture partner Joy Shing).

The Purchaser confirms that the Purchaser, its guarantors and their respective associates (as defined under the Listing Rules) do not hold any Shares or equity interests, whether directly or indirectly, in the share capital of the Company.

Subject Matter

Subject to the terms of the Formal Sale and Purchase Agreement, the Vendors have agreed to sell and the Purchaser has agreed to purchase the entire issued share capital and all the outstanding shareholders' loan of Apex Plan for a cash consideration of HK\$1,300,000,000 and the consideration attributable to Joy Shing is HK\$390,000,000.

Consideration

The Consideration of HK\$1,300,000,000 shall be payable to the Vendors in cash in the following manner:

as to HK\$60,000,000 (of which HK\$18,000,000 is payable to Joy Shing) upon the signing of the Provisional Sale and Purchase Agreement, which is held in an escrow account of a firm of solicitors in Hong Kong;

as to HK\$70,000,000 (of which HK\$21,000,000 is payable to Joy Shing) on 26 May 2017;

as to HK\$65,000,000 (of which HK\$19,500,000 is payable to Joy Shing) on or before 17 July 2017;

as to HK\$65,000,000 (of which HK\$19,500,000 is payable to Joy Shing) on or before 15 August 2017;

as to HK\$65,000,000 (of which HK\$19,500,000 is payable to Joy Shing) on or before 15 September 2017;

as to HK\$65,000,000 (of which HK\$19,500,000 is payable to Joy Shing) on or before 23 October 2017; and

as to the remaining HK\$910,000,000 (of which HK\$273,000,000 is payable to Joy Shing) upon Completion.

LETTER FROM THE BOARD

The Consideration was determined after arm's length negotiations between the Vendors and the Purchaser through estate agent with reference to the prevailing market value of the Property having taken into account that the Purchaser is acquiring the Property as a whole which will provide savings on any future marketing costs for strata title sales of individual flats in the Property. Further, as strata title sales of individual flats in the Property will take a substantially longer period of time than selling the Property as a whole to the Purchaser, the Directors consider that the consideration for the Disposal at a small discount to the market value of the Property to be fair and reasonable and in the interest of the Company and the Shareholders.

Having considered the above and the factors described under the section headed "Reasons for and the benefits of the Disposal" below, the Directors consider that the Consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions precedent

Completion is conditional on:

- (a) the approval having been obtained from the Shareholders in respect of the Formal Sale and Purchase Agreement, the transactions contemplated thereunder; and
- (b) the Company is able to show and give a good title to the Property in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong), provided that upon the execution of the Formal Sale and Purchase Agreement, the Purchaser shall be deemed to have accepted the title to the Property based on: (i) the information previously disclosed to the Purchaser; (ii) inspection of the Property and/or (iii) records of the Land Registry made available for public search prior to the execution of the Formal Sale and Purchase Agreement.

Completion

Subject to the fulfilment of the conditions precedent above, Completion shall take place on or before 28 March 2018.

Guarantee

Pursuant to the terms of the Formal Sale and Purchase Agreement, each of the Company and Pena Investments has agreed to guarantee to the Purchaser the performance obligations and warranties of Joy Shing and Apex Step respectively under the Formal Sale and Purchase Agreement, for a period of two years after Completion on several basis in proportion to its shareholding in Apex Plan. The Purchaser's guarantors agreed to jointly and severally guarantee the performance of the Purchaser under the Formal Sale and Purchase Agreement (including but not limited to the payment of the Consideration).

LETTER FROM THE BOARD

The period of the guarantee was arrived at after negotiation between the parties and at Purchaser's request such that the guarantee period would cover for at least one full financial year after Completion. It was a commercial decision between the parties during negotiation of the Provisional Sales and Purchase Agreement that the relevant time limit is to be two years from Completion. The obligations of Joy Shing and Apex Step under the Formal Sale and Purchase Agreement, include, among others, the obligations to sell the relevant shares in Apex Plan to the Purchaser and to refund the deposit and any partial consideration paid by the Purchaser to the Vendors, in the event that the Formal Sale and Purchase Agreement is terminated as a result of the non-fulfilment of the conditions precedent of the Formal Sale and Purchase Agreement. The Company and Pena Investments may be liable for monetary compensation if the guarantee is breached.

The maximum liability of the Vendors and the Vendors' guarantors under the Formal Sale and Purchase Agreement is HK\$195,000,000, being 15% of the Consideration save and except for any breach of warranties by the Vendors regarding good title to the Sale Shares and the Property, whereby the maximum liability would be HK\$1,300,000,000, being the amount of the Consideration.

INFORMATION OF THE TARGET GROUP

Apex Plan is an investment company incorporated in the British Virgin Islands. The Target Group comprises the Apex Plan and its subsidiary, Everhost. The sole business of the Target Group is the re-development of the Property through Everhost. The relevant approvals for redevelopment of the Property into a high-rise residential/retail building was granted in December 2015, and Occupation Permit has been obtained for the Property on 31 May 2016. Subsequent to the obtaining of the Occupation Permit, interior fitting-out works were undertaken which have been substantially completed in April 2017. Defects rectification are still in progress and are expected to be completed by the end of June 2017. No pre-sale of the Property has been undertaken and during the past few months preparation works for strata-title sale of the Property have begun but were subsequently put on hold as the Vendors decided to sell Apex Plan to the Purchaser.

Set out below is the financial information of the Target Group as extracted from the annual report of the Company for the year ended 30 June 2016:

	For the year ended 30 June 2016 (HK'000)	For the year ended 30 June 2015 (HK'000)
Revenue	–	–
Loss before taxation (<i>Note</i>)	(7,742)	(1,628)
Loss after taxation	(6,474)	(5,146)

The unaudited net assets value of the Target Group, excluding the outstanding shareholders' loan of Apex Plan of HK\$274,662,000 and the bank loan of HK\$700,000,000, as at 31 December 2016 was approximately HK\$945,935,000 which has not taken into account the current market value of the Property.

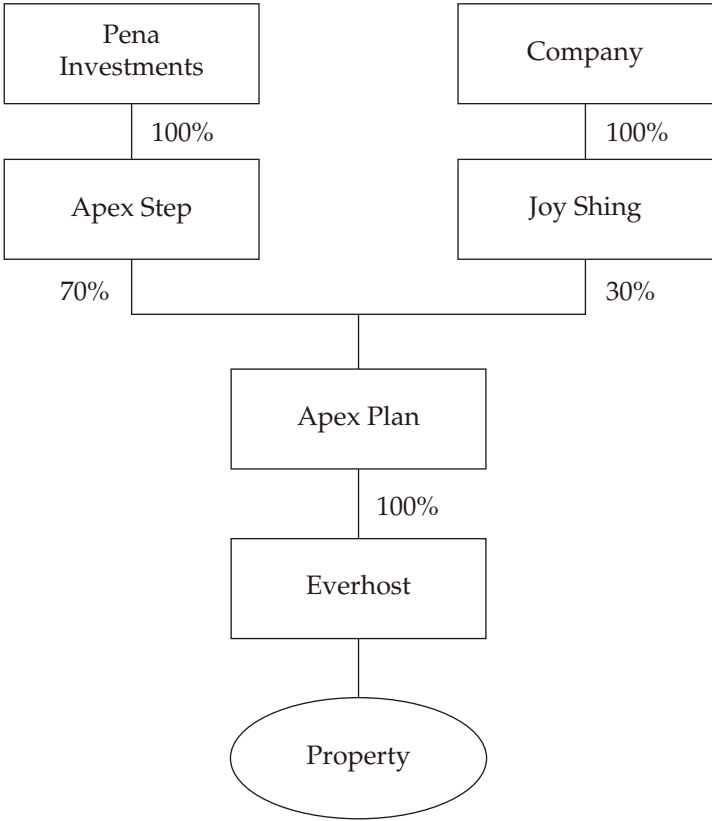
Note: The loss before taxation is calculated taking into account the recognition of tax credit to the Target Group.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE TARGET GROUP

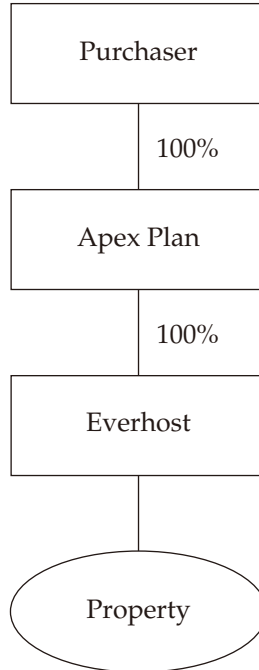
The following is the shareholding structure of the Target Group as at the Latest Practicable Date and immediately after Completion:

As at the Latest Practicable Date



LETTER FROM THE BOARD

Immediately after Completion



REASONS FOR AND BENEFITS OF THE DISPOSAL

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

As disclosed in the announcements of the Company dated 18 May 2010 and 15 June 2016, the total capital commitment of the Company in Apex Plan is approximately HK\$292.4 million. In light of the gain from the Disposal, the Board considers that the Disposal represents a good opportunity for realisation of the Group's investment in the associates as one lump sum instead of making strata-title sale of individual units. Despite the Property having obtained occupation permit on 30 May 2016, interior decoration of the Property is still on-going and certain work is required before the Property would be available for strata-title sale. Further, the proceeds from the Disposal can further strengthen the cash position of the Group and will allow the Group to reallocation its resources for its principal activities.

Taking into account the abovementioned factors, the Directors consider that the terms and conditions of the Disposal are fair and reasonable and on normal commercial terms and are in the interests of the Company and Shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Target Group will cease to be the associates of the Company and the results, assets and liabilities of the Target Group will no longer be equity accounted for in the books of the Company. The profit on the Disposal of approximately HK\$90 million will be recognised upon Completion. The net asset of the Group will also be increased by approximately HK\$90 million immediately after Completion. There cash/working capital of the Group will be increased by approximately HK\$172 million upon Completion. As such, the Board considers that the Disposal will have a positive impact on the net asset value and cash/working capital of the Group

GAIN OR LOSS ATTRIBUTABLE TO THE DISPOSAL

The Disposal is expected to recognise a gain before tax of approximately HK\$89,950,000 to the Group, which is calculated based on the Consideration of HK\$1,300,000,000 less the shareholders' loan due from the Target Group and the outstanding bank loan of the Target Group of approximately HK\$274,662,000 and HK\$700,000,000, respectively, as at 31 December 2016 and other related costs and expenses of approximately HK\$23,500,000, including commission and legal fees and taking into account the Company's 30% shareholding interests in Apex Plan and other professional fees payable by the Group of approximately HK\$0.6 million. Subject to audit, the actual amount of the gain on the Disposal to be recognised by the Group will depend on the net asset value of the Target Group as at Completion and therefore may be different from the amount mentioned above.

USE OF PROCEEDS

The net proceeds from the Disposal shared by the Group will be approximately HK\$172,350,000 is calculated based on the Consideration of HK\$1,300,000,000 less the outstanding bank loan of the Target Group of approximately HK\$700,000,000 as at 31 December 2016 and other related costs and expenses of approximately HK\$23,500,000 and taking into account the Company's 30% shareholding interests in Apex Plan and other professional fees payable by the Group for approximately HK\$600,000 which will be used for its principal activities for acquisition of properties for investment, trading and development. As at the Latest Practicable Date, the Group has not identified any specific properties for acquisition.

IMPLICATIONS UNDER THE LISTING RULES

As all the relevant percentages exceed 25% but below 100%, the Disposal constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules.

As disclosed in the announcement of the Company dated 23 May 2017, Mr. Pong, an executive Director and Chairman of the Company and Virtue Partner is now beneficially interested in more than 50% of the issue share capital of the Company following the completion of the acquisition of Flexwood Limited.

LETTER FROM THE BOARD

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval of the Disposal may be given by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the Disposal.

Pursuant to Rule 14.41(a) of the Listing Rules, the Company is required to despatch a circular containing, among other things, details of the Disposal within fifteen (15) business days after the publication of the announcement, which shall be on or before 27 April 2017. The Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules for the despatch of this circular.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. Written approval of the Disposal has been obtained from the following shareholders:

Shareholders

	<i>Number of issued Shares</i>	<i>Approximate Percentage</i>
Mr. Pong	7,328,000	0.13%
Virtue Partner (<i>Note</i>)	<u>3,346,419,668</u>	<u>60.32%</u>
Total	<u><u>3,353,747,668</u></u>	<u><u>60.45%</u></u>

Note: The entire issued share capital of Virtue Partner is beneficially owned by Mr. Pong.

As such, no general meeting will be convened for the purpose of approving the Disposal.

RECOMMENDATION

The Board considers that the terms of the Disposal and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

ADDITIONAL INFORMATION

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

By Order of the Board
Winfull Group Holdings Limited
Pong Wilson Wai San
Chairman and Executive Director

SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for (i) the three years ended 30 June 2014, 2015 & 2016 respectively and (ii) the six months ended 31 December 2016 are disclosed in the following documents which are published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.winfullgroup.com.hk.

Annual report of the Company for the year ended 30 June 2014

Annual report of the Company for the year ended 30 June 2015

Annual report of the Company for the year ended 30 June 2016

Interim report of the Company for the six months ended 31 December 2016

WORKING CAPITAL

After taking into account the financial resources available to the Group, including the proceeds from the Disposal, the internally generated funds and the available banking facilities, the Directors, after due and careful enquiry, are of the opinion that the Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

INDEBTEDNESS

As at the close of business on 30 April 2017, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group has outstanding indebtedness as summarised below:

Borrowings

The Group had total outstanding borrowings of approximately HK\$283 million, further details of which are set out below:

- (a) The Group had outstanding interest-bearing bank borrowings of HK\$25 million repayable by instalments up to April 2026 and HK\$22 million repayable in 2017. The aforesaid bank borrowings are secured by guarantees by the Company and the pledges of certain Group's properties held for trading and the bank fixed deposits; and
- (b) The Group had amount due to non-controlling shareholders of HK\$236 million which are unsecured, interest-free and repayable on demand.

Contingent liabilities

As at 30 April 2017, the Company has executed guarantees amounting to HK\$210 million in respect of bank loans to its associates, which are also secured against properties under development held by those associates. Under the guarantees, the Company would be liable to pay the bank if the bank is unable to recover the loans.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any outstanding mortgages, charges, debentures, loan capital, debt securities, loans, bank overdraft or other similar indebtedness, financial leases or hire purchase commitments, liabilities under acceptances or acceptance credits or guarantees or other material contingent liabilities as at 30 April 2017.

Disclaimers

Saved as aforesaid, and apart from intra-group liabilities, and normal accounts payable, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, any authorized or otherwise created but unissued term loans or other borrowings, indebtedness in nature of borrowings, liabilities under acceptances (other than trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, which are either guaranteed, unguaranteed, secured, or unsecured, guarantees or other material contingent liabilities outstanding at the close of business on 30 April 2017. The Directors confirm that there is no material change in the indebtedness and contingent liability of the Group from the close of business on 30 April 2017 to the Latest Practicable Date.

MATERIAL ADVERSE CHANGE

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

FINANCIAL AND TRADING PROSPECT OF THE GROUP

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

With the purpose of offering better returns to the Shareholders, the Group decided to concentrate on property investment and trading, and development businesses whilst continuing the property renovation business of the Group. As disclosed in the announcement of the Company dated 1 June 2017, the Group has disposed of its 51% interests in Plan Link Limited which in turn is engaged in the re-development of certain property in Kowloon, Hong Kong. After the completion of the Disposal and the disposal of its 51% interests in Plan Link Limited, there will not be any development project being undertaken by the Group, however the Group will continue with its property development business and is actively looking for suitable project for development. The Group believed that the business of property developments and property investment and

trading both locally and internationally can broaden the revenue base and benefit the Company and the Shareholders as a whole in the long run.

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

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Ascent Partners Valuation Service Limited, an independent valuer, in connection with its valuation as at 1 April 2017 of the property interests to be disposed of by the Group.



Suite 2102, Hong Kong Trade Centre
161-167 Des Voeux Road Central
Hong Kong
Tel: 3679-3890
Fax: 3579-0884

Date: 7 June 2017

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

Dear Sirs,

RE: Valuation of Patina, No. 18 Junction Road, Kowloon, Hong Kong (the "Property")

In accordance with the instructions received from Winfull Group Holdings Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") for us to carry out a valuation of the Property to be disposed of, we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 1 April 2017 (referred to as the "**Valuation Date**") for the purpose of incorporation in the circular of the Group.

BASIS OF VALUATION

Our valuation of the property interests represents the market value which is defined by The Hong Kong Institute of Surveyors ("**HKIS**") Valuation Standards to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

VALUATION METHODOLOGY

We have valued the property interests of property on market basis and the direct comparison method is adopted where comparison based on prices realised on actual sales price of comparable property is made. Comparable properties of similar size, character, and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the seller sells the property interests on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the values of the property interests.

No allowance has been made in our valuation for any charges, mortgages or amount owing on any property interests nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, we have assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their value.

Unless stated as otherwise, we have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of all laws, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, all required licenses, permit, certificate and authorizations have been obtained.

Other special assumptions of the property interests, if any, have been stated out in the footnotes of the valuation certificate attached herewith.

TITLE INVESTIGATION

We have carried out title searches at the Land Registry for the property interests located in Hong Kong. We have been, in some instances, provided with the extracts of the documents relating to the Property. However, we have not verified ownership of the Property to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

VALUATION CONSIDERATIONS

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the property interests. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

We have inspected the exterior and, wherever possible, the interior of the property but no structural survey had been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the copies of documents handed to us are correct.

REMARKS

Unless otherwise stated, all monetary amounts stated in this report are in Hong Kong Dollars (HKD).

Our valuation certificate in respect of the property interests is herewith attached.

Yours faithfully, For and on behalf of
Ascent Partners Valuation Service Limited
Stephen Y. W. Yeung
MFin BSc(Hons) Land Adm. MHKIS MCIREA RPS(GP)
Principal

Mr. Stephen Y. W. Yeung is a Registered Professional Surveyor (General Practice Division) and a Professional Member of The Hong Kong Institute of Surveyors with over 10 years' experience in valuation of properties in HKSAR and mainland China. Mr. Yeung is also a valuer on the List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by HKIS.

VALUATION CERTIFICATE

Property interests held for sale and to be disposed of by the Group in Hong Kong

Property	Description and tenure	Particular of Occupancy	Market value in existing state as at 1 April 2017
Patina, No. 18 Junction Road, Kowloon, Hong Kong	Patina (the "Development") is a composite development with a 24-storey residential building (with 4th, 13th, 14th and 24th Floors omitted) erected upon a 3-storey commercial podium plus two basement floors.	As at the Valuation Date, the property was vacant in possession.	HKD1,351,000,000 (30% attributable interest to the Group: HKD405,300,000)
New Kowloon Inland Lot No. 2697;			
Sub-Section 1, 2, 3 and the Remaining Portion of Section A and the Remaining Portion of New Kowloon Inland Lot No. 2730;	Pursuant to an Occupation Permit No. KN22/2016, the Development was completed on 30 May 2016. The total site area of the Development is approximately 10,166 sq.ft.		
Section A and the Remaining Portion of New Kowloon Inland Lot No. 2731;	Pursuant to the approved building plans provided by the Group, the total gross floor area is approximately 84,365 sq.ft.		
Section A and the Remaining Portion of New Kowloon Inland Lot No. 2794;	The lots are held under various Government Leases and Conditions of Exchange Nos. 3992, 3993 and 4086 for a term of 75 years renewable for 24 years commencing on 1 July 1898 and has been statutorily extended to 30 June 2047.		
New Kowloon Inland Lot No. 2847; and			
The Remaining Portion of New Kowloon Inland Lot No. 2867	The Government rent payable for the lots is 3% of the rateable value per annum.		

Notes:

- (1) The registered owner of the Property is Everhost Limited.
- (2) The Property is subject to a Mortgage in favour of Hang Seng Bank Limited vide Memorial No. 16062701840150 dated 15 June 2016.
- (3) The Property lies within an area zoned "Residential (Group A)" under the approved Ma Tau Kok Outline Zoning Plan No. S/K10/22 exhibited on 15 April 2016.
- (4) The Property is located in Kowloon City along the Junction Road. The neighbourhood is mainly composed of various low and high rise residential developments and the district is home to many prestigious schools, such as Maryknoll Convent School, Diocesan Boys' School and La Salle College as well other international schools. Transportation is convenient, it is accessible via franchised bus, public light-bus and taxi and the under construction Shatin to Central Link which is scheduled to be completed at around 2020.

APPENDIX II INDEPENDENT VALUATION REPORT ON THE TARGET COMPANY

- (5) The inspection was performed by Ms. Isabella Qiu (MSc in Construction and Real Estate) on 17 March 2017.
- (6) We were instructed by the Group to provide a market value valuation of the Property for public circular purpose in February 2017 which was incorporated in the circular of the Company dated 28 April 2017.
- (7) As at the Valuation Date, the construction work was completed and fit for occupation. In the course of our valuation, we have taken into account the outstanding payment of about HKD37,460,000.
- (8) The Group has confirmed as follows:
 - (i) No options or rights of pre-emption concerning or affecting the Property;
 - (ii) No environmental issues such as breach of environmental regulations; and
 - (iii) No notices, pending litigation, breach of law or title defects affecting the Property.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

Long positions in the Shares and underlying shares of the Company

Name of Director	Number of issued Shares and underlying shares held	Position	Percentage of the issued share capital of the Company
Mr. Pong	60,000,000 (<i>Note 1</i>)	Long	1.08%
	7,328,000	Long	0.13%
	3,346,419,668 (<i>Note 3</i>)	Long	60.32%
Lee Wing Yin	29,180,000 (<i>Note 1</i>)	Long	0.53%
Ngan Man Ho	248,000	Long	0.01%
	5,180,000 (<i>Note 1</i>)	Long	0.09%
Koo Fook Sun Louis	1,000,000 (<i>Note 2</i>)	Long	0.02%
Lai Hin Wing Henry	1,000,000 (<i>Note 2</i>)	Long	0.02%
Lung Hung Cheuk	1,000,000 (<i>Note 2</i>)	Long	0.02%
Yeung Wing Yan Wendy	1,000,000 (<i>Note 2</i>)	Long	0.02%

Notes:

1. These Shares represent the share options granted by the Company on 26 October 2012, 3 June 2014 and 17 May 2016 under the new share option scheme of the Company adopted on 1 November 2011.
2. These Shares represent the share options granted by the Company on 26 October 2012 under the new share option scheme of the Company adopted on 1 November 2011.
3. These Shares are beneficially owned by Virtue Partner Group Limited (“**Virtue Partner**”), a company wholly owned by Mr. Pong and therefore Mr. Pong is deemed to be interested in these Shares under the SFO.

Long positions in the shares and underlying shares of the associated corporation

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) where were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3. SUBSTANTIAL SHAREHOLDERS’ INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share

capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long positions in the Shares and underlying shares of the Company

Name of Shareholder	Capacity	Number of issued Shares held	Position	Percentage of the issued sharecapital of the Company
Mr. Pong	Beneficial Owner	60,000,000 <i>(Note 1)</i>	Long	1.08%
	Beneficial Owner	7,328,000	Long	0.13%
	Interest in controlled corporation	3,346,419,668 <i>(Note 2)</i>	Long	60.32%
Tung Ching Yee Helena <i>(Note 3)</i>	Family Interest	3,413,747,668	Long	61.53%
Virtue Partner	Beneficial Owner	3,346,419,668	Long	60.32%

Notes:

- These Shares represent the share options granted by the Company on 26 October 2012, 3 June 2014 and 17 May 2016 under the new share option scheme of the Company adopted on 1 November 2011.
- These Shares are beneficially owned by Virtue Partner and therefore Mr. Pong is deemed to be interested in these Shares under the SFO.
- Ms. Tung Ching Yee Helena is the wife of Mr. Pong and is accordingly deemed to be interested in the Shares beneficially owned by Mr. Pong in his own capacity and through his controlled corporation.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors had any existing or proposed service contract with the Group or associated companies which is not determinable by the employer within one year without payment of compensation (other than statutory compensation):

Mr. Pong has entered into a service agreement with the Company for an initial term of 36 months commencing from 17 May 2016 with a monthly emolument of HK\$480,000 plus discretionary bonus to be decided by the Board; Mr. Lee Wing Yin has entered into a

service agreement with the Company for a term of 36 months commencing from 1 June 2016 with a monthly emolument of HK\$90,000 plus discretionary bonus to be decided by the Board; and Mr. Ngan Man Ho has entered into a service agreement with the Company for an initial term of 36 months commencing from 12 December 2014, with a monthly emolument of HK\$70,000 plus discretionary bonus to be decided by the Board.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

Save for the sale and purchase agreement listed under (a) in the section headed Material Contracts below and the transactions contemplated thereunder:

- a. none of the Directors has any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Group since 30 June 2016, the date to which the latest published audited consolidated financial statements of the Group were made up; and
- b. there is no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested and which is significant to the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. MATERIAL CONTRACTS

The following material contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the date of this circular:

- (a) the sale and purchase agreement dated 14 March 2017 and entered into among the Mr. Pong, the Company and Alpha Easy Limited in relation to the acquisition of the entire issued share capital of Flexwood Limited and all obligations, liabilities and debts owing or incurred by Flexwood Limited to Mr. Pong;
- (b) the provisional sale and purchase agreement dated 18 April 2017 and entered into between Monilea Limited, a wholly-owned subsidiary of the Company

and Winkit Development Limited in relation to the sale and purchase of 15th Floor, Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong;

- (c) the formal sale and purchase agreement dated 6 April 2017 and entered into between Sonic Returns Limited, a wholly-owned subsidiary of the Company and Mr. Cheung Siu Wing in relation to the sale and purchase of Office 1 on 29th Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong;
- (d) the formal sale and purchase agreement dated 6 April 2017 and entered into between Enviro Global Limited, a wholly-owned subsidiary of the Company and Best Tact Development Limited in relation to the sale and purchase of Office 2 on 29th Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong;
- (e) the formal sale and purchase agreement dated 6 April 2017 and entered into between Double Achiever Limited, a wholly-owned subsidiary of the Company and Mr. Cheung Siu Wing in relation to the sale and purchase of Carpark 6 on 2nd Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong;
- (f) the Formal Sale and Purchase Agreement;
- (g) the formal sale and purchase agreement dated 30 March 2017 and entered into between Celestial Tower Limited, a wholly-owned subsidiary of the Company and Lerado H.K. Limited in relation to the sale and purchase of Office 1 on 30th Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong;
- (h) the formal sale and purchase agreement dated 30 March 2017 and entered into between Just Central Limited, a wholly-owned subsidiary of the Company and Lerado H.K. Limited in relation to the sale and purchase of Office 2 on 30th Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong;
- (i) the formal sale and purchase agreement dated 30 March 2017 and entered into between Coastal Talent Limited, a wholly-owned subsidiary of the Company and Lerado H.K. Limited in relation to the sale and purchase of Office 3 on 30th Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong;
- (j) placing agreement dated 13 May 2016 and entered into by the Company as disclosed in the announcement of the Company dated 15 May 2016;
- (k) the provisional sale and purchase agreement dated 15 September 2015 and entered into between Formal Focus Limited, a wholly-owned subsidiary of the Company and Waylon Limited in relation to the sale and purchase of 4th Floor, Kenning Industrial Building, 19 Wang Hoi Road, Kowloon Bay, Kowloon;
- (l) the sale and purchase agreement dated 28 July 2015 and entered into between Achiever Connect Limited, a wholly-owned subsidiary of the Company and

Well Master Development Limited in relation to the sale and purchase of Shop No. 2 on Ground Floor and Shop No. 3 on Lower Ground 1st Floor of Grand Scholar, No. 419K Queen's Road West, Hong Kong;

- (m) placing agreement dated 21 July 2015 and entered into by the Company as disclosed in the announcement of the Company dated 21 July 2015; and
- (n) the provisional sale and purchase agreement dated 1 June 2017 and entered into among World Fair Global Limited, a wholly-owned subsidiary of the Company and Profit Vision Investments Limited as vendors, Smart World Development Holdings Limited as purchaser, the Company and one director of Profit Vision Investments Limited as the vendors' guarantors and Country Garden Holdings Company Limited as the purchaser's guarantor in relation to the sale and purchase of the entire issued share capital and all outstanding shareholders' loan of Plan Link Limited.

9. EXPERTS AND CONSENTS

The following is the name and qualification of the expert who have given its opinions and advice which are included in this circular:

Name	Qualification
Ascent Partners Valuation Service Limited	Independent Valuer

Ascent Partners Valuation Service Limited does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Ascent Partners Valuation Service Limited has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

Ascent Partners Valuation Service Limited does not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 30 June 2016, the date to which the latest published audited financial statements of the Group were made up.

10. MISCELLANEOUS

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at Unit A, 6/F., 9 Queen's Road Central, Hong Kong.

The secretary of the Company is Mr. Lee Wing Yin, is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants.

The share registrar and transfer office of the Company is Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 10:00 a.m. to 12:30 p.m. and from 2:30 p.m. to 5:00 p.m. at (i) the head office of the Company at Unit A, 6/F., 9 Queen's Road Central, Hong Kong; and (ii) on the website of the Company for a period of 14 days from date of this circular:

- (a) the memorandum and articles of association of the Company
- (b) the annual reports of the Company for each of the two years ended 30 June 2015 and 2016;
- (c) the service contracts of the Directors referred to in the paragraph headed "Directors' Service Contracts" above;
- (d) the independent valuation report from Ascent Partners Valuation Service Limited in relation to the valuation of the Target Group, the text of which is set out in Appendix II to this circular;
- (e) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix; and
- (f) this circular.