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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 2020

### 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 2020 (the "Period") together with the comparative unaudited figures for the corresponding period in 2019 as follows:

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2020

	Notes	Six months ended 31 December	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	5	15,310	18,781
Cost of sales		(5,010)	(5,165)
<b>Gross profit</b>		<b>10,300</b>	13,616
Other income	5	16,332	18,731
Administrative expenses and other operating expenses		(14,138)	(12,142)
Gain/(Loss) on disposal of debts instruments at FVOCI		96	(335)
Fair value gain/(loss) on debt instruments at FVTPL		2,254	(44)
Fair value gain/(loss) on financial instruments at FVTPL		12,113	(3,862)
Fair value loss on investment properties		(46,532)	(31,201)
Reversal of impairment/(impairment) of properties held for trading		5,260	(25,355)
Finance costs		(1,271)	(1,987)
<b>Loss before income tax</b>	6	<b>(15,586)</b>	(42,579)
Income tax expense	7	(554)	(1,738)
<b>Loss for the period</b>		<b>(16,140)</b>	(44,317)
<b>Loss for the period attributable to:</b>			
Owners of the Company		(15,004)	(43,794)
Non-controlling interests		(1,136)	(523)
		<b>(16,140)</b>	(44,317)
<b>Loss per share for loss attributable to owners of the Company for the period</b>			
Basic and diluted	9	HK(0.27) cent	HK(0.79) cent

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2020

	Six months ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Loss for the period</b>	<b>(16,140)</b>	(44,317)
<b>Other comprehensive income</b>		
Item that will not be reclassified to profit or loss:		
Changes in fair value of equity instruments at FVOCI	402	715
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of debt instruments at FVOCI	1,155	2,604
Release of FVOCI reserve upon disposals of debt instruments at FVOCI	(72)	–
Exchange differences arising on translation of foreign operations	3,150	51
<b>Other comprehensive income for the period, net of tax</b>	<b>4,635</b>	3,370
<b>Total comprehensive income for the period</b>	<b>(11,505)</b>	(40,947)
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	(10,369)	(40,424)
Non-controlling interests	(1,136)	(523)
	<b>(11,505)</b>	(40,947)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		At 31 December 2020 HK\$'000 (Unaudited)	At 30 June 2020 HK\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		147,681	97,346
Investment properties		876,069	964,449
Equity instruments at FVOCI	10	40,872	32,665
Financial instruments at FVTPL	10	405,919	328,559
Debt instruments at FVOCI	10	70,823	70,593
Debt instruments at FVTPL	10	21,462	19,370
Debt instrument at amortised cost	10	5,283	4,768
Loan receivables	12	2,300	13,626
		<b>1,570,409</b>	1,531,376
<b>Current assets</b>			
Properties held for trading		70,000	64,740
Properties under development		35,204	24,420
Trade receivables	11	1,194	1,306
Prepayments, deposits and other receivables		9,032	9,281
Loan receivables	12	34,472	64,364
Debt instruments at FVTPL	10	7,853	11,482
Cash and bank balances		157,784	132,957
Pledged bank deposits		184,481	225,286
		<b>500,020</b>	533,836
<b>Current liabilities</b>			
Accrued expenses, other payables and deposits received		7,917	10,246
Borrowings		211,040	195,270
Amounts due to non-controlling shareholders		17,988	17,795
Provision for income tax		26,314	26,070
		<b>263,259</b>	249,381
<b>Net current assets</b>		<b>236,761</b>	284,455
<b>Total assets less current liabilities</b>		<b>1,807,170</b>	1,815,831
<b>Non-current liabilities</b>			
Borrowings		13,312	13,349
Deferred tax liabilities		9,998	9,998
		<b>23,310</b>	23,347
<b>Net assets</b>		<b>1,783,860</b>	1,792,484
<b>EQUITY</b>			
Share capital	13	56,081	55,481
Reserves		1,732,191	1,740,279
<b>Equity attributable to owners of the Company</b>		<b>1,788,272</b>	1,795,760
<b>Non-controlling interests</b>		<b>(4,412)</b>	(3,276)
Total equity		<b>1,783,860</b>	1,792,484

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2020

	Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Net cash generated from operating activities	1,235	3,182
Net cash (used in)/generated from investing activities	(36,353)	79,164
Net cash generated from financing activities	18,613	53,423
Net (decrease)/increase in cash and cash equivalents	(16,505)	135,769
Cash and cash equivalents at beginning of period	123,082	45,268
Effect of foreign exchange rate change	(15,359)	51
Cash and cash equivalents at end of period	91,218	181,088
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	82,808	94,890
Short-term deposits	8,410	86,198
	91,218	181,088

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2020

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2020

	Equity attributable to owners of the Company									
	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Translation reserve HK\$'000 (Unaudited)	Share-based			Retained profits HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Non-controlling interests HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)
				payment	FVOCI	Other				
				reserve	reserve	reserve				
HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	
At 1 July 2020	55,481	1,568,267	2,242	11,708	(2,281)	1,380	158,963	1,795,760	(3,276)	1,792,484
Shares issued upon exercise of share options (note 13)	600	2,281	-	(303)	-	-	303	2,881	-	2,881
<b>Transaction with owners</b>	<b>600</b>	<b>2,281</b>	<b>-</b>	<b>(303)</b>	<b>-</b>	<b>-</b>	<b>303</b>	<b>2,881</b>	<b>-</b>	<b>2,881</b>
Loss for the period	-	-	-	-	-	-	(15,004)	(15,004)	(1,136)	(16,140)
Other comprehensive income:										
Change in fair value of equity instruments at FVOCI (note 10)	-	-	-	-	402	-	-	402	-	402
Change in fair value of debts instruments at fair FVOCI (note 10)	-	-	-	-	1,155	-	-	1,155	-	1,155
Release of FVOCI reserve upon disposals of debt instruments at FVOCI	-	-	-	-	(72)	-	-	(72)	-	(72)
Exchange differences arising on translation of foreign operations	-	-	3,150	-	-	-	-	3,150	-	3,150
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>3,150</b>	<b>-</b>	<b>1,485</b>	<b>-</b>	<b>(15,004)</b>	<b>(10,369)</b>	<b>(1,136)</b>	<b>(11,505)</b>
<b>At 31 December 2020</b>	<b>56,081</b>	<b>1,570,548</b>	<b>5,392</b>	<b>11,405</b>	<b>(796)</b>	<b>1,380</b>	<b>144,262</b>	<b>1,788,272</b>	<b>(4,412)</b>	<b>1,783,860</b>

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

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Winfull Group Holdings Limited (the "Company") is an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business is Unit A, 6th Floor, 9 Queen's Road Central, Hong Kong.

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

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

These condensed consolidated interim financial statements are unaudited, but have been reviewed by the audit committee of the Company and approved for issue by the board of directors (the "Board") of the Company on 25 February 2021.

### 2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2020 (the "Condensed Financial Report") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

This Condensed Financial Report do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the 2020 Annual Financial Statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

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 2020 Annual Financial Statements.

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

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

### 3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

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

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform

The application of these new or amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in this Condensed Financial Report and/or disclosures set out in this Condensed Financial Report.

### 4. SEGMENT INFORMATION

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

The Group has identified the following reportable segments:

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

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

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

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



#### 4. SEGMENT INFORMATION (cont'd)

There was no inter-segment sale and transfer during the period (six months ended 31 December 2019: Nil).

	Six months ended 31 December 2020 (Unaudited)					
	Property Development Business HK\$'000	Property Investment and Trading Business HK\$'000	Renovation Business HK\$'000	Securities Investment and Trading Business HK\$'000	Money Lending Business HK\$'000	Total HK\$'000
	Reportable segment revenue:					
From external customers	-	10,573	-	3,510	1,227	15,310
Reportable segment profit/(loss)	(434)	(34,085)	(1)	154	1,097	(33,269)
Reportable segment assets	74,286	1,123,927	17	8,812	17,669	1,224,711

  

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

#### 4. SEGMENT INFORMATION (cont'd)

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

	<b>Six months ended 31 December</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Revenue</b>		
Reportable segment revenue	<b>15,310</b>	18,781
Consolidated revenue	<b>15,310</b>	18,781
<b>Profit before income tax</b>		
Reportable segment loss	<b>(33,269)</b>	(55,670)
Gain/(loss) on disposal of debts instruments at FVOCI	<b>90</b>	(335)
Fair value gain on financial instruments at FVTPL	<b>12,179</b>	14,137
Fair value gain on debts instruments at FVOCI	<b>2,254</b>	–
Interest income	<b>5,164</b>	9,088
Dividend income	<b>351</b>	568
Exchange gain/(losses), net	<b>7,126</b>	(299)
Corporate salaries and allowances	<b>(5,745)</b>	(5,749)
Corporate professional fees	<b>(221)</b>	(456)
Depreciation on corporate property, plant and equipment	<b>(434)</b>	(741)
Unallocated corporate income	<b>706</b>	338
Unallocated corporate expenses	<b>(3,787)</b>	(3,460)
Consolidated loss before income tax	<b>(15,586)</b>	(42,579)

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

	<b>Revenue from external customer</b>		<b>Non-current assets</b>	
	<b>31 December</b>	31 December	<b>31 December</b>	30 June
	<b>2020</b>	2019	<b>2020</b>	2020
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Audited)
Hong Kong	<b>13,671</b>	16,306	<b>1,440,440</b>	1,413,827
United Kingdom	<b>1,436</b>	2,101	<b>93,078</b>	82,001
Japan	<b>203</b>	374	<b>36,891</b>	35,548
	<b>15,310</b>	18,781	<b>1,570,409</b>	1,531,376

#### 4. SEGMENT INFORMATION (cont'd)

In the following table, revenue is disaggregated by timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segment.

	Property Development Business		Property Investment and Trading Business				Security Investment and Trading Business				Money Lending Business		Total	
	31 December		31 December		31 December		31 December		31 December		31 December			
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)		
Revenue from leasing	-	-	10,573	13,950	-	-	-	-	-	-	10,573	13,950		
Revenue from other sources	-	-	-	-	-	-	3,510	4,024	1,227	807	4,737	4,831		
	-	-	10,573	13,950	-	-	3,510	4,024	1,227	807	15,310	18,781		

#### 5. REVENUE AND OTHER INCOME

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

	Six months ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Revenue</b>		
Rental income from investment properties	10,573	13,950
Sale of securities	3,510	4,024
Interest income from money lending	1,227	807
	15,310	18,781
<b>Other income</b>		
Interest income	6,758	9,088
Dividend income	351	568
Exchange gains, net	7,520	-
Rental income from properties held for trading and properties under development	971	1,222
Compensation received for surrender of lease (note)	-	7,341
Sundry income	732	512
	16,332	18,731

Note: For the six months ended 31 December 2019, a tenant of our property in the UK surrendered the lease and paid a compensation to the Group for dilapidation.

## 6. LOSS BEFORE INCOME TAX

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

	Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Depreciation	2,097	1,861
Directors' remuneration	4,064	4,046
Exchange (gains)/losses, net	(7,520)	299

## 7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 31 December 2019: 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 2020 (six months ended 31 December 2019: Nil).

## 9. LOSS PER SHARE

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

	Six months ended 31 December	
	2020 (Unaudited)	2019 (Unaudited)
Loss for the period, attributable to owners of the Company (HK\$'000)	(15,004)	(43,794)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	5,570,952	5,548,126

There were no diluted potential ordinary shares for the six months ended 31 December 2020 and 2019 as the outstanding share options were out of the money for the purpose of the diluted loss per share calculation.

## 10. OTHER FINANCIAL ASSETS

	Measured at FVOCI		Measured at FVTPL		Measured at amortised cost	
	At 31 December 2020 (Unaudited) HK\$'000	At 30 June 2020 (Audited) HK\$'000	At 31 December 2020 (Unaudited) HK\$'000	At 30 June 2020 (Audited) HK\$'000	At 31 December 2020 (Unaudited) HK\$'000	At 30 June 2020 (Audited) HK\$'000
<b>Non-current</b>						
Equity instruments (note)						
– Listed in Hong Kong*	15,797	7,995	–	–	–	–
– Listed outside Hong Kong*	25,075	24,670	–	–	–	–
	<b>40,872</b>	32,665	–	–	–	–
Financial instruments						
– Unlisted in Hong Kong <sup>^</sup>	–	–	38,197	38,197	–	–
– Unlisted outside Hong Kong <sup>^</sup>	–	–	100,703	77,564	–	–
– Unlisted investment funds <sup>#</sup>	–	–	267,019	212,798	–	–
	–	–	<b>405,919</b>	328,559	–	–
Debt instruments						
– Listed in Hong Kong*	62,969	56,699	–	–	–	–
– Listed outside Hong Kong*	7,854	13,894	–	–	–	–
– Unlisted outside Hong Kong <sup>@</sup>	–	–	21,462	19,370	5,283	4,768
	<b>70,823</b>	70,593	<b>21,462</b>	19,370	<b>5,283</b>	4,768
	<b>111,695</b>	103,258	<b>427,381</b>	347,929	<b>5,283</b>	4,768
<b>Current</b>						
Debt instruments						
– Listed in Hong Kong*	–	–	3,849	3,878	–	–
– Listed outside Hong Kong*	–	–	4,004	7,604	–	–
	–	–	<b>7,853</b>	11,482	–	–

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

\* These financial assets are measured at fair value which has been determined directly by reference to published price and quotations in active markets (30 June 2020: same).

<sup>^</sup> These financial assets are measured at fair value which has been determined by reference to the fair values of the underlying assets and liabilities of each instrument (30 June 2020: same).

<sup>#</sup> Among these financial assets, amount of HK\$84,023,000 (30 June 2020: HK\$73,199,000) is measured at fair value which has been determined directly by reference to published price and quotations in active markets and amount of HK\$182,996,000 (30 June 2020: HK\$139,599,000) is measured at fair value which has been determined by reference to the fair values of the underlying assets and liabilities of each instrument, respectively (30 June 2020: same).

<sup>@</sup> Amount of HK\$21,462,000 (30 June 2020: HK\$19,370,000) is measured at fair value which has been determined by discounted cash flow method and amount of HK\$5,283,000 (30 June 2020: HK\$4,768,000) is measured at amortised cost (30 June 2020: same).

## 10. OTHER FINANCIAL ASSETS (cont'd)

Movements in other financial assets are summarised as follows:

	Equity instruments at FVOCI		Debt instruments at FVOCI		Debt instruments at FVTPL		Debt instrument at amortised cost		Financial instruments at FVTPL	
	At	At	At	At	At	At	At	At	At	At
	31 December 2020 (Unaudited) HK\$'000	30 June 2020 (Audited) HK\$'000	31 December 2020 (Unaudited) HK\$'000	30 June 2020 (Audited) HK\$'000	31 December 2020 (Unaudited) HK\$'000	30 June 2020 (Audited) HK\$'000	31 December 2020 (Unaudited) HK\$'000	30 June 2020 (Audited) HK\$'000	31 December 2020 (Unaudited) HK\$'000	30 June 2020 (Audited) HK\$'000
Net carrying amount at beginning of the period	32,665	9,145	70,593	71,194	30,852	15,680	4,768	-	328,559	288,267
Additions	8,038	33,442	16,491	41,077	-	21,358	-	4,967	68,313	164,731
Disposals	(234)	(6,540)	(17,416)	(42,380)	(3,791)	(3,908)	-	-	(9,993)	(87,672)
Changes in fair value (debited)/ credited to profit or loss	-	-	-	-	2,254	(2,278)	-	-	12,113	(33,642)
Changes in fair value (debited)/ credited to FVOCI reserve	402	(3,382)	1,155	702	-	-	-	-	-	-
Exchange difference	1	-	-	-	-	-	515	(199)	6,927	(3,125)
Net carrying amount at end of the period	40,872	32,665	70,823	70,593	29,315	30,852	5,283	4,768	405,919	328,559

As at 31 December 2020 and 30 June 2020, debt instruments measured at FVOCI and debt instrument measured at amortised cost were determined to be impaired are in the same basis as those followed in the preparation of the Group's 2020 Annual Financial Statements. During the Period, no impairment on these investments was recognised in profit or loss (six months ended 31 December 2019: Nil).

## 11. TRADE RECEIVABLES

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

Based on the invoice dates, all trade receivable as at 31 December 2020 and 30 June 2020 were aged within 90 days.

## 12. LOAN RECEIVABLES

	31 December 2020 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Audited)
Loan receivables	36,772	77,990
Reconciliation to the condensed consolidated statement of financial position:		
Non-current	2,300	13,626
Current	34,472	64,364
	36,772	77,990

Notes:

- The balances are interest-bearing at 7.75% to 11.5% (30 June 2020: 7.8% to 15.5%) per annum and are repayable in 2020 and 2021 respectively. These loan receivables are secured by the borrowers' properties and shares of one of borrower's holding company.
- The balances are neither past due nor impaired. Management believes that no impairments is necessary having regard to the creditworthiness of the borrowers and the value of the collateral.

### 13. SHARE CAPITAL

	31 December 2020		30 June 2020	
	Number of shares	HK\$'000 (Unaudited)	Number of shares	HK\$'000 (Audited)
<b>Authorised:</b>				
Ordinary shares of HK\$0.01 each	10,000,000,000	100,000	10,000,000,000	100,000
<b>Issued and fully paid:</b>				
Ordinary shares of HK\$0.01 each				
At the beginning of the period	5,548,125,668	55,481	5,548,125,668	55,481
Shares issued upon exercise of share options (note)	60,000,000	600	–	–
At the end of the period	5,608,125,668	56,081	5,548,125,668	55,481

Note: In October 2020, the Company issued an aggregate of 60,000,000 new ordinary shares of HK\$0.01 each at a price of HK\$0.048 per share to the directors of the Company.

### 14. MATERIAL RELATED PARTY TRANSACTION

The Group had the following material transaction with its related party during the Period:

	Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Rental Income on investment properties, received from a related company owned by one of the substantial shareholders of the Company	1,713	276

The transaction was conducted at pre-determined price in accordance with terms mutually agreed between the Group and the related party. The transaction is conducted in the normal course of business.

#### Key management personnel compensation

	Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Short-term employee benefits	4,064	4,046

## 15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

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

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

	Notes	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>31 December 2020 (Unaudited)</b>					
Assets:					
Equity instruments at FVOCI					
– Listed equity securities	(a)	40,872	–	–	40,872
Debt instruments at FVOCI					
– Listed debts investments	(a)	70,823	–	–	70,823
Debt instruments at FVTPL					
– Listed debt instruments	(a)	7,853	–	–	7,853
– Unlisted debt instruments	(d)	–	–	21,462	21,462
Financial instruments at FVTPL					
– Unlisted equity instruments	(b)	–	–	138,900	138,900
– Unlisted investment funds	(c)	–	84,023	182,996	267,019
Total and net fair values		119,458	72,361	355,020	546,929
<b>30 June 2020 (Audited)</b>					
Assets:					
Equity instruments at FVOCI					
– Listed equity securities	(a)	32,665	–	–	32,665
Debt instruments at FVOCI					
– Listed debts investments	(a)	70,593	–	–	70,593
Debt instruments at FVTPL					
– Listed debt instruments	(a)	11,482	–	–	11,482
– Unlisted debt instruments	(d)	–	–	19,370	19,370
Financial instruments at FVTPL					
– Unlisted equity instruments	(b)	–	–	115,761	115,761
– Unlisted investment funds	(c)	–	73,199	139,599	212,798
Total and net fair values		114,740	73,199	274,730	462,669



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

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

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

### **(a) Listed equity securities and listed debts investments**

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

### **(b) Unlisted equity instruments**

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

### **(c) Unlisted investment funds**

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

### **(d) Unlisted debt instrument**

The unlisted debt instrument is denominated in GBP. Fair value has been determined based on discounted cash flow method. The fair value of the unlisted debt instrument may be based on unobservable inputs which may have significant impact on the valuation of this financial instrument, and therefore, it has been classified by the Group as level 3. The unobservable inputs which may have impact on the valuation include weighted average cost of capital, discount rate, probability of profit sharing etc.

## **INTERIM DIVIDEND**

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

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

The Hong Kong economy saw some improvement in the second quarter of this financial year, due to an improved external environment led by the accelerated growth of the Mainland economy, the stabilisation of the local epidemic situation by the end of the Period, and stronger financial market activity. However, the level of economic activity in the Period was still well below the pre-recession level. Domestic demand improved but stayed weak. Private consumption expenditure posted a smaller though still notable decline in this Period. Overall investment expenditure continued to fall visibly amid difficult business environment and weak construction activity.

The residential property market in Hong Kong showed some revivals in the Period. Trading activities showed a mild growth from the last financial year. The commercial and industrial property markets stayed generally weak, with prices and rentals for major market segments exhibiting diverse movements during the Period.

## **FINANCIAL REVIEW**

For the Period, the Group recorded a turnover of approximately HK\$15,310,000, representing a decrease of approximately 18.5% comparing with that of approximately HK\$18,781,000 for the corresponding period of last financial year. The decrease in turnover was mainly attributed to the decrease in turnover for the rental income from investment properties and for securities trading.

Loss before income tax of the Group for the Period was approximately HK\$15,586,000, representing a decrease of approximately 63.4% comparing with the loss before income tax of approximately HK\$42,579,000 for the corresponding period of last financial year. The loss for the Period was mainly attributable to the fair value loss of investment properties for the Period.

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

As at 31 December 2020, the Group had net current assets of approximately HK\$236,761,000 (30 June 2020: approximately HK\$284,455,000), including cash and bank balances of approximately HK\$157,784,000 (30 June 2020: approximately HK\$132,957,000).

The gearing ratio was approximately 11% as at 31 December 2020 (30 June 2020: approximately 10%). The gearing ratio is derived by dividing the total of borrowings by total assets. The gearing ratio has increased for the Period when compared to 30 June 2020 due to the new foreign currency bank loan for new overseas investments.

During the Period, the Group financed its operations with its own working capital and bank borrowings. As at 31 December 2020, the secured bank borrowings of the Group were approximately HK\$224,352,000 (30 June 2020: approximately HK\$208,619,000), in which approximately HK\$222,873,000 (30 June 2020: approximately HK\$205,949,000) were repayable within a period of not exceeding 5 years and approximately HK\$1,479,000 (30 June 2020: approximately HK\$2,670,000) were repayable beyond 5 years, and there was no other borrowing as at 31 December 2020 (30 June 2020: Nil).

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

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

	Cost as at 31 December 2020 HK\$'000	Carrying amount as at 31 December 2020 HK\$'000	Outstanding commitment as at 31 December 2020 HK\$'000	Total of carrying amount and outstanding commitment as at 31 December 2020 HK\$'000	Gain/(loss) in fair value during the Period HK\$'000	Gain/(loss) on disposal during the Period HK\$'000	Dividends/ interests received during the Period HK\$'000
<i>NON-CURRENT</i>							
Equity instruments at fair value through other comprehensive income							
Listed equity securities – Hong Kong	16,928	15,797	–	15,797	(2)	–	351
Listed equity securities – outside Hong Kong	27,213	25,075	–	25,075	404	–	–
	44,141	40,872	–	40,872	402	–	351
Financial instruments at fair value through profit or loss							
Unlisted equity investment – Hong Kong	68,000	38,197	–	38,197	–	–	–
Unlisted equity investment – outside Hong Kong	107,098	100,703	3,170	103,873	5,715	–	–
Unlisted investment fund	238,978	267,019	56,134	323,153	6,398	–	151
	414,076	405,919	59,304	465,223	12,113	–	151
Debt instruments at fair value through other comprehensive income							
Listed debts investments – Hong Kong	60,877	62,969	–	62,969	1,393	96	1,972
Listed debts investments – outside Hong Kong	7,937	7,854	–	7,854	(238)	–	394
	68,814	70,823	–	70,823	1,155	96	2,366
Debt instruments at fair value through profit or loss							
Unlisted debts investments – outside Hong Kong	21,358	21,462	–	21,462	2,092	–	–
Debt instruments at amortised costs							
Unlisted debts investment – outside Hong Kong	4,967	5,283	–	5,283	–	–	–
	553,356	544,359	59,304	603,663	15,762	96	2,868
<i>CURRENT</i>							
Debt instruments at fair value through profit or loss							
Listed debts investments – Hong Kong	3,695	3,849	–	3,849	(28)	–	102
Listed debts investments – outside Hong Kong	3,885	4,004	–	4,004	190	–	165
	7,580	7,853	–	7,853	162	–	267
	560,936	552,212	59,304	611,516	15,924	96	3,135

The total size of carrying amount and outstanding commitment for each of those investments as at 31 December 2020 represents approximately 0.01% to 2.00% of the total assets of the Group as at 31 December 2020. It is the strategy of the Group to seek any opportunistic investments to enhance the yield of the surplus cash held by the Group on medium and long-term basis.

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

### PLEDGE OF ASSETS

As at 31 December 2020, the leasehold properties and certain investment properties with carrying value of approximately HK\$133,047,000 and approximately HK\$420,678,000 (30 June 2020: approximately HK\$82,344,000 and approximately HK\$505,001,000) respectively and bank deposits of approximately HK\$184,481,000 (30 June 2020: approximately HK\$225,286,000) were pledged to secure bank borrowings for the Group.

### CONTINGENT LIABILITIES

As at 31 December 2020, the Company has no guarantees (30 June 2020: Nil).

### LEASE AND CONTRACTED COMMITMENTS

#### As Lessee

As at 31 December 2020, there was no future minimum lease payment under non-cancellable operating lease payable by the Group (30 June 2020: Nil).

#### As Lessor

As at 31 December 2020, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	<b>31 December 2020 HK\$'000 (Unaudited)</b>	30 June 2020 HK\$'000 (Audited)
Within one year	<b>20,342</b>	23,305
In the second to fifth years	<b>27,388</b>	19,535
	<b>47,730</b>	42,840

The Group leases its properties under operating lease arrangements which run for an initial period of two to fifteen years (30 June 2020: one to ten years), with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. None of the leases include contingent rentals.

### Capital Commitments

	<b>31 December 2020 HK\$'000 (Unaudited)</b>	30 June 2020 HK\$'000 (Audited)
Contracted but not provided for:		
Financial instrument at FVTPL	<b>59,304</b>	83,895
Properties under development	<b>5,774</b>	11,163
	<b>65,078</b>	95,058

Save for the above commitment, as at 31 December 2020, neither the Group nor the Company had any other significant commitments.

### **FOREIGN EXCHANGE EXPOSURE**

The Group's income and expenditure during the Period were denominated in United States dollars (the "US\$"), British Pound (the "GBP"), Euro (the "EUR"), HK\$ and Japanese Yen (the "JPY"), and most of the assets and liabilities as at 31 December 2020 were denominated in US\$, GBP, EUR, HK\$ and JPY. Accordingly, the Board is of the view that, to a certain extent, the Group is exposed to foreign currency exchange risk. For the US\$ foreign exchange exposure, the Board believes the exposure is small as the exchange rate of US\$ to HK\$ is comparatively stable. However, the Group is exposed to GBP, EUR and JPY foreign exchange exposure and the fluctuation of exchange rates of GBP, EUR and JPY against HK\$ could affect the Group's results of operations. During the Period, foreign currency banking facilities for GBP, EUR and JPY were arranged for acquisition of properties and investments in these currencies to hedge for foreign exchange exposure.

### **TREASURY POLICIES**

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

### **SEGMENT INFORMATION**

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

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2020, the Group had 21 (30 June 2020: 13) employees, including Directors. Total staff cost (including Directors' emoluments) was approximately HK\$6,663,000 for the Period as compared to approximately HK\$5,749,000 for the six months ended 31 December 2019. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and share option scheme.

### **BUSINESS OVERVIEW**

#### **Property Development Business**

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

It is a property development project at 50 School Road, Moseley, Birmingham, the UK. The project has a site area of 15,800 square feet and it can be developed into a residential building with gross floor area of approximately 12,000 square feet. The acquisition of the land was completed on 26 October 2018 and the development planning has been completed in the last financial year. Due to the effect of COVID-19, the development has been further delayed and is expected to be completed in the second or third quarter of 2021.

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

#### **Property Investment and Trading**

As at 31 December 2020, the Group has twelve commercial, industrial and residential properties for investment and trading purposes, which are located in Hong Kong, one commercial property in Cardiff, the UK and two serviced apartments in Hokkaido, Japan, for investment purpose.

The commercial and industrial property markets stayed subdued for the Period. Price and rental for commercial and industry properties both decreased amid austere local economic conditions, because the private consumption expenditure was declined during the Period as local consumption activities continued to be disrupted by the threat of COVID-19 and the social distancing requirements throughout this Period and inbound tourism was still frozen by stringent travel restrictions.

During the Period, the Group recorded a fair value loss of investment properties of approximately HK\$46,532,000 (six months ended 31 December 2019: approximately HK\$31,201,000) and a reversal of impairment on properties held for trading of approximately HK\$5,260,000 (six months ended 31 December 2019: impairment loss of approximately HK\$25,355,000).

*Whole floor of 9 Queen's Road Central*

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

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

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

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

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

*Atlantic House at Cardiff, United Kingdom*

The property is located at Cardiff, the UK with a total net floor area of approximately 42,000 square feet. The property consists of two office buildings. The east wing is currently leased to a local law firm for a term of fifteen years, which will be expired in 2026. The west wing is under refurbishment now. Due to the effect of COVID-19, the tendering of refurbishment has been delayed and it is expected to be completed in early 2021. Cardiff is the principal office market within Wales and one of the major regional centres in the UK. The Group believes that it is a good opportunity for holding the property for long term investment purpose and diversification of the property portfolio.

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

The four office units are located on 30th and 13th floors of Universal Trade Centre, No. 3 Arbuthnot Road, Central, Hong Kong. They have a total gross floor area of approximately 5,600 square feet. The office units on 13th floor have been leased to an independent third party. The units on 30th floor have been vacant and they are now looking for new tenant.

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

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

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

The property is a whole floor office unit located on 15th Floor of Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong, which is an office building in Central district, with a gross floor area of approximately 7,300 square feet. This property has been leased to a financial printing company which is wholly-owned by Mr. Pong with monthly rent of HK\$233,000. The rent was determined after arm's length negotiation with reference to the monthly rental of other similar premises in the Hong Kong market and the professional valuation report. Further details of this transaction can be referred to our announcement dated 21 September 2020.

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

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

#### *Shops and signage at Lime Stardom Tai Kok Tsui*

Two retail shops and 2 signages were acquired by the Group for trading purpose. The shops are located at ground floor of Lime Stardom, Tai Kok Tsui with outstanding features, such as curtain wall design and high ceiling. Hotels and shopping malls are within the proximity, together with the upcoming redevelopment and residential projects in the neighbourhood. Tai Kok Tsui will definitely become one of the new focuses of the city with high growth potential. In view of this, those properties are acquired for short-term trading purpose. The shops have been leased to independent third parties with acceptable yield. However, prices and rentals of retail shop space both decreased amid the continued weakness in the retail trade since last financial year due to the local social incidents and COVID-19, which led to the steepest decline in the private consumption expenditure and inbound tourism in the recent years. The price and rentals of the retail shop space was stabilised during the Period and a reversal of impairment on properties held for trading of HK\$5,260,000 has been recognised.

#### *Serviced Apartments in Hokkaido Japan*

Two serviced apartments in Niseko, Hokkaido, Japan, were acquired by the Group. One of the apartments is in Skye Niseko at Upper Hirafu Village, while the other is in Hanazono. Both of them are brand new serviced apartments with ski-in ski-out access to ski resorts and full range of hotel services. They are managed by premier asset managers with expertise and experience in effectively managing hospitality and tourism in Niseko. Operation of both serviced apartments was affected by COVID-19 and their occupancy rate was decreased by more than 90%. However, it is anticipated that rental income will be recovered gradually from July 2021. The Group believes that it is a good opportunity for investing in Japan real estate for long term investment and diversification of the property portfolio.

During the Period, the segment of property investment and trading business recorded a total rental income of approximately HK\$11,544,000 (six months ended 31 December 2019: approximately HK\$15,172,000), including revenue of approximately HK\$10,573,000 (six months ended 31 December 2019: approximately HK\$13,950,000) and rental income in other income of approximately HK\$971,000 (six months ended 31 December 2019: approximately HK\$1,222,000). Despite the effect of COVID-19, this segment continued to be steady income source of the Group.

### **Securities Investment and Trading**

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

During the Period, the Group recorded a gain in fair value of its portfolio of approximately HK\$148,000 (six months ended 31 December 2019: loss of approximately HK\$44,000). The Group reported a segment profit of approximately HK\$154,000 (six months ended 31 December 2019: approximately HK\$521,000) during the Period. The Group received interest income from those bond investments for this segment of approximately HK\$267,000 (six months ended 31 December 2019: approximately HK\$451,000) during the Period. As at 31 December 2020, the carrying amount of the investments for this segment amounted to approximately HK\$8,056,000 (30 June 2020: approximately HK\$11,482,000).

Under this segment, the business' significant investments held for investment and for trading as at 31 December 2020 were as below:

	<b>Cost as at 31 December 2020 HK\$'000</b>	<b>Carrying amount as at 31 December 2020 HK\$'000</b>	Gain/(loss) in fair value during the Period HK\$'000	Dividends/ interests received during the Period HK\$'000
<i>NON-CURRENT</i>				
Equity instruments at FVOCI	217	203	(14)	–
<i>CURRENT</i>				
Financial assets at FVTPL				
Listed debts investments – Hong Kong	7,580	7,853	162	267

### Loan Financing

During the Period, the Group recorded an interest income from the loan financing business amounting to approximately HK\$1,227,000 (six months ended 31 December 2019: approximately HK\$807,000), representing approximately 8.0% (six months ended 31 December 2019: approximately 4.3%) of the total revenue of the Group. Profit derived from loan financing business was approximately HK\$1,097,000 (six months ended 31 December 2019: approximately HK\$595,000) for the Period. Both revenue and profit derived from loan financing business increased for the Period since more short-term loans have been granted since the end of the corresponding period of last financial year. The carrying amount of loans receivable as at 31 December 2020 was approximately HK\$17,300,000 (30 June 2020: approximately HK\$27,300,000).

### PROSPECTS

The recent outbreak of COVID-19 has already severely affected the retail, tourism and catering industries in Hong Kong and worldwide, leading to an increase in the unemployment rate and heightened potential economic downside pressures. As such, Hong Kong is facing unprecedented challenges. It is expected that conditions in both the wider local economy and the property leasing market will remain weak and are unlikely to fully recover in the short term, placing the Group's future performance under greater pressure and uncertainty.

Despite the uncertainties in Hong Kong and global economy, we expect the local economy to gradually stabilise once the epidemic ends and Hong Kong will remain relevant and vital in its own right and as part of China, given the mature and healthy nature of Hong Kong's investment environment combined with the potential opportunities for Hong Kong to capitalise on its competitive advantages in the Greater Bay Area. The Group maintains a cautiously optimistic view on the property market and we are confident that we will be able to tackle the diverse challenges ahead.

The Group will continue to adopt a prudent approach on acquiring and disposing properties. In addition, the Group will continue to look for potential investment properties and development projects for recurring income and capital appreciation, at the same time expanding its securities investment and trading business and loan financing business for the growth of its stable recurring income. These strategies are intended to enable the Group to maintain its competitiveness thereby ensuring the Group's sustainability and securing the Shareholders' benefits.



## **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 2020.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by Directors throughout the six months ended 31 December 2020.

## **CORPORATE GOVERNANCE PRACTICES**

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

## **PRE-EMPTIVE RIGHTS**

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

## **AUDIT COMMITTEE**

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

By Order of the Board  
**Pong Wilson Wai San**  
Chairman

Hong Kong, 25 February 2021

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