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WINFULL GROUP HOLDINGS LIMITED
宏輝集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 183)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2021

FINAL RESULTS

The board of directors (the “Director(s)”) (the “Board”) of Winfull Group Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 30 June 2021 (the “Year”), together with the comparative figures for the year ended 30 June 2020:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	4	26,759	33,730
Cost of sales		<u>(6,260)</u>	<u>(7,045)</u>
Gross profit		20,499	26,685
Other income	5	23,901	36,446
Administrative expenses and other operating expenses		(33,514)	(25,942)
Fair value gain/(loss) of investment properties		55,133	(91,085)
Fair value loss of debt instruments at FVTPL	10	(4,115)	(2,278)
Fair value gain of equity instruments at FVTPL	10	507	–
Fair value loss of financial instruments at FVTPL	10	(30,424)	(33,642)
Gain/(Loss) on disposal of debt instruments at FVOCI		194	(460)
Reversal of write-down/(Write-down) of properties held for trading		2,633	(60,315)
Finance costs		<u>(2,829)</u>	<u>(3,759)</u>
Profit/(Loss) before income tax	6	31,985	(154,350)
Income tax credit/(expense)	7	<u>4,102</u>	<u>(1,416)</u>
Profit/(Loss) for the year		<u>36,087</u>	<u>(155,766)</u>
Profit/(Loss) for the year attributable to:			
Owners of the Company		36,139	(153,375)
Non-controlling interests		<u>(52)</u>	<u>(2,391)</u>
		<u>36,087</u>	<u>(155,766)</u>
Earnings/(Loss) per share	9		(Adjusted)
– Basic		HK6.46 cents	(HK27.64 cents)
– Diluted		<u>HK6.44 cents</u>	<u>(HK27.64 cents)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(Loss) for the year		36,087	(155,766)
Other comprehensive income for the year			
<i>Item that will not be reclassified to profit or loss:</i>			
Changes in fair value of equity instruments at FVOCI	10	8,974	(3,382)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Changes in fair value of debt instruments at FVOCI	10	(219)	702
Release of FVOCI reserve upon disposal of debt instruments at FVOCI		398	536
Exchange differences arising on translation of foreign operations		1,402	(475)
Other comprehensive income for the year, net of tax		10,555	(2,619)
Total comprehensive income for the year		46,642	(158,385)
Total comprehensive income for the year attributable to:			
Owners of the Company		46,694	(155,994)
Non-controlling interests		(52)	(2,391)
		46,642	(158,385)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		145,458	97,346
Investment properties		976,946	964,449
Intangible assets		1,442	–
Equity instruments at FVOCI	10	46,535	32,665
Financial instruments at FVTPL	10	366,430	328,559
Debt instruments at FVOCI	10	25,446	70,593
Debt instruments at FVTPL	10	–	19,370
Debt instrument at amortised cost	10	5,373	4,768
Loan receivables		172	13,626
Deposit for leasehold improvement		16,249	–
		1,584,051	1,531,376
Current assets			
Properties held for trading		67,373	64,740
Properties under development		37,521	24,420
Trade receivables	11	1,121	1,306
Prepayments, deposits and other receivables		6,647	9,281
Loan receivables		17,315	64,364
Debt instruments at FVOCI	10	11,602	–
Debt instruments at FVTPL	10	24,478	11,482
Equity instruments at FVTPL	10	2,282	–
Cash and bank balances		183,179	132,957
Pledged bank deposits		201,514	225,286
		553,032	533,836
Current liabilities			
Accrued expenses, other payables and deposits received		11,660	10,246
Borrowings		222,671	195,270
Amounts due to non-controlling shareholders		18,231	17,795
Provision for income tax		24,841	26,070
		277,403	249,381
Net current assets		275,629	284,455
Total assets less current liabilities		1,859,680	1,815,831

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current liabilities		
Borrowings	12,036	13,349
Deferred tax liabilities	5,175	9,998
	<u>17,211</u>	<u>23,347</u>
Net assets	<u>1,842,469</u>	<u>1,792,484</u>
EQUITY		
Share capital	56,081	55,481
Reserves	1,789,716	1,740,279
	<u>1,845,797</u>	<u>1,795,760</u>
Equity attributable to owners of the Company	1,845,797	1,795,760
Non-controlling interests	(3,328)	(3,276)
	<u>1,842,469</u>	<u>1,792,484</u>
Total equity	<u>1,842,469</u>	<u>1,792,484</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2021

	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 profit	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
Equity-settled share-based payments	-	-	-	463	-	-	-	463	-	463
Transactions with owners	-	-	-	463	-	-	-	463	-	463
Loss for the year	-	-	-	-	-	-	(153,375)	(153,375)	(2,391)	(155,766)
Other comprehensive income:										
Changes in fair value of equity instruments at FVOCI (note 10)	-	-	-	-	(3,382)	-	-	(3,382)	-	(3,382)
Changes in fair value of debts instruments at FVOCI (note 10)	-	-	-	-	702	-	-	702	-	702
Release of FVOCI reserve upon disposals of debts instruments at FVOCI	-	-	-	-	536	-	-	536	-	536
Release of FVOCI reserve upon disposals of equity instruments at FVOCI	-	-	-	-	(311)	-	311	-	-	-
Exchange differences arising on translation of foreign operations	-	-	(475)	-	-	-	-	(475)	-	(475)
Total comprehensive income for the year	-	-	(475)	-	(2,455)	-	(153,064)	(155,994)	(2,391)	(158,385)
At 30 June 2020	55,481	1,568,267	2,242	11,708	(2,281)	1,380	158,963	1,795,760	(3,276)	1,792,484

Equity attributable to owners of the Company

	Share-based							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	payment reserve	FVOCI reserve	Other reserve	Retained profit			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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
Equity-settled share-based payments	-	-	-	462	-	-	-	462	-	462
Shares issued upon exercise of share options	600	2,584	-	(303)	-	-	-	2,881	-	2,881
Transactions with owners	600	2,584	-	159	-	-	-	3,343	-	3,343
Profit for the year	-	-	-	-	-	-	36,139	36,139	(52)	36,087
Other comprehensive income:										
Changes in fair value of equity instruments at FVOCI (note 10)	-	-	-	-	8,974	-	-	8,974	-	8,974
Changes in fair value of debts instruments at FVOCI (note 10)	-	-	-	-	(219)	-	-	(219)	-	(219)
Release of FVOCI reserve upon disposals of debts instruments at FVOCI	-	-	-	-	398	-	-	398	-	398
Release of FVOCI reserve upon disposals of equity instruments at FVOCI	-	-	-	-	(754)	-	754	-	-	-
Exchange differences arising on translation of foreign operations	-	-	1,402	-	-	-	-	1,402	-	1,402
Total comprehensive income for the year	-	-	1,402	-	8,399	-	36,893	46,694	(52)	46,642
At 30 June 2021	56,081	1,570,851	3,644	11,867	6,118	1,380	195,856	1,845,797	(3,328)	1,842,469

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 THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. GENERAL INFORMATION

Winfull Group Holdings Limited (the “Company”) is an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Unit A, 6/F, 9 Queen’s Road Central, Hong Kong. The Company’s issued shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 2 December 2010.

The principal activity of the Company is investment holding. During the year, the Company’s subsidiaries (together with the Company referred to as the “Group”) was principally engaged in the investment, trading and development of property and securities investment and trading. There were no significant changes in the Group’s operation during the year.

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

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

2. ADOPTION OF NEW AND AMENDED HKFRSs

2.1 Adoption of new and amended HKFRSs – effective 1 July 2020

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 July 2020:

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
Amendment to HKFRS 16	Covid-19-Related Rent Concessions

The adoption of these new and amended HKFRSs does not have significant impact on the Group’s results and financial position for the current and prior periods have been prepared or presented.

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

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current ⁵
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁵
Amendments to HKAS 8	Definition of Accounting Estimates ⁵
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁵
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ³
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendments to HKAS 37	Onerous contracts – Cost of Fulfilling a Contract ³
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendment to HKFRS 16	COVID-19 Related Rent Concessions ²
Annual Improvements to HKFRSs 2018–2020 Cycle	Amendment to HKFRS 1, First-time Adoption of International Financial Reporting Standards, Amendment to HKFRS 9, Financial Instruments, Amendment to illustrative examples accompanying HKFRS 16, Leases, Amendment to HKAS 41, Agriculture ³
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁵

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for annual periods beginning on or after 1 April 2021.

³ Effective for annual periods beginning on or after 1 January 2022.

⁴ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

⁵ Effective for annual periods beginning on or after 1 January 2023.

⁶ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. SEGMENT INFORMATION

The executive directors have identified the Group's five (2020: five) product and service lines as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

There was no inter-segment sale and transfer during the year (2020: nil).

	2021					Total HK\$'000
	Property Development Business HK\$'000	Property Investment and Trading Business HK\$'000	Security Investment and Trading Business HK\$'000	Money Lending Business HK\$'000	Renovation Business HK\$'000	
Reportable segment revenue:						
From external customers	-	21,201	3,549	2,009	-	26,759
Reportable segment profit/(loss)	(11,897)	67,832	187	1,853	(10)	57,965
Bank interest income	-	1	3	-	-	4
Depreciation	-	3,251	-	-	-	3,251
Fair value gain on investment properties	-	55,133	-	-	-	55,133
Fair value loss of debt instruments at FVTPL	-	-	(258)	-	-	(258)
Fair value gain of equity instruments at FVTPL	-	-	13	-	-	13
Fair value loss of financial instruments at FVTPL	(10,109)	-	-	-	-	(10,109)
Impairment on intangible assets	-	-	(113)	-	-	(113)
Reversal of write-down of properties held for trading	-	2,633	-	-	-	2,633
Income tax credit	297	3,805	-	-	-	4,102
Reportable segment assets	67,770	1,216,479	8,170	18,425	17	1,310,861
Additions to non-current assets	-	446	1,555	-	-	2,001
Reportable segment liabilities	27,363	96,463	14	9	17	123,866

	2020					Total HK\$'000
	Property Development Business HK\$'000	Property Investment and Trading Business HK\$'000	Security Investment and Trading Business HK\$'000	Money Lending Business HK\$'000	Renovation Business HK\$'000	
Reportable segment revenue:						
From external customers	<u>–</u>	<u>27,149</u>	<u>4,024</u>	<u>2,557</u>	<u>–</u>	<u>33,730</u>
Reportable segment profit/(loss)	<u>(30,293)</u>	<u>(118,949)</u>	<u>608</u>	<u>2,234</u>	<u>(10)</u>	<u>(146,410)</u>
Bank interest income	1	22	6	–	–	29
Depreciation	–	2,154	–	–	–	2,154
Fair value loss on investment properties	–	(91,085)	–	–	–	(91,085)
Fair value loss of debt instruments at FVTPL	–	–	(289)	–	–	(289)
Fair value loss of financial instruments at FVTPL	(29,804)	–	–	–	–	(29,804)
Write-down of properties held for trading	–	(60,315)	–	–	–	(60,315)
Income tax expense	–	(1,416)	–	–	–	(1,416)
Reportable segment assets	63,193	1,161,510	11,918	28,972	8	1,265,601
Additions to non-current assets	–	17,455	–	–	–	17,455
Reportable segment liabilities	<u>27,241</u>	<u>103,107</u>	<u>14</u>	<u>9</u>	<u>17</u>	<u>130,388</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue		
Reportable segment revenue	26,759	33,730
Consolidated revenue	<u>26,759</u>	<u>33,730</u>
Profit/(Loss) before income tax		
Reportable segment profit/(loss)	57,965	(146,410)
Fair value loss of debt instruments at FVTPL	(3,857)	(1,989)
Fair value gain of equity instruments at FVTPL	494	–
Fair value loss of financial instruments at FVTPL	(20,315)	(3,838)
Gain/(Loss) on disposals of debt instruments at FVOCI	194	(460)
Interest income	10,235	17,339
Dividend income	364	370
Exchange gain/(loss), net	7,621	(2,780)
Equity-settled share-based payment	(462)	(463)
Corporate salaries and allowances	(13,722)	(11,413)
Corporate professional fees	(606)	(709)
Depreciation on corporate property, plant and equipment	(1,315)	(1,302)
Unallocated corporate income	1,107	750
Unallocated corporate expenses	(5,718)	(3,445)
Consolidated loss before income tax	<u>31,985</u>	<u>(154,350)</u>
Assets		
Reportable segment assets	1,310,861	1,265,601
Property, plant and equipment	13,030	14,099
Equity instruments at FVOCI	46,537	32,665
Equity instruments at FVTPL	19	–
Financial instruments at FVTPL	338,342	290,362
Debt instruments at FVOCI	37,048	70,591
Debt instruments at FVTPL	20,553	19,370
Debt instrument at amortised cost	5,373	4,768
Loan receivables	172	21,242
Corporate cash and bank balances	162,829	115,274
Pledged bank deposits	201,514	225,286
Interest receivables	745	5,708
Other corporate assets	60	246
Consolidated total assets	<u>2,137,083</u>	<u>2,065,212</u>
Liabilities		
Reportable segment liabilities	123,866	130,388
Corporate bank borrowings	170,748	141,775
Other corporate liabilities	–	565
Consolidated total liabilities	<u>294,614</u>	<u>272,728</u>

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

	Revenue from external customers		Non-current assets	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Hong Kong	23,283	29,096	996,000	944,246
United Kingdom	2,962	3,471	90,270	82,000
Japan	514	1,163	37,576	35,549
	<u>26,759</u>	<u>33,730</u>	<u>1,123,846</u>	<u>1,061,795</u>

Geographical location of customers is based on the location at which the services were provided and the goods were delivered. Geographical location of non-current assets is based on (i) the physical location of the assets (for property, plant and equipment and investment properties); and (ii) location of operation (for intangible assets).

During the year, there was neither revenue from external customers attributable to the Cayman Islands (domicile) (2020: nil) nor non-current assets were located in the Cayman Islands (2020: nil). The country of domicile is the country where the Company was incorporated.

Revenue from the major customers is as follows:

	2021 HK\$'000	2020 HK\$'000
Customer A (note)	3,266	6,104
Customer B (note)	4,200	4,204
	<u>7,466</u>	<u>10,308</u>

Note:

All were derived from the Property Investment and Trading Business.

Revenue recognition is as follows:

	Property Development Business		Property Investment and Trading Business		Security Investment and Trading Business		Money Lending Business		Renovation Business		Total	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue from leasing	-	-	21,201	27,149	-	-	-	-	-	-	21,201	27,149
Revenue from other sources	-	-	-	-	3,549	4,024	2,009	2,557	-	-	5,558	6,581
	<u>-</u>	<u>-</u>	<u>21,201</u>	<u>27,149</u>	<u>3,549</u>	<u>4,024</u>	<u>2,009</u>	<u>2,557</u>	<u>-</u>	<u>-</u>	<u>26,759</u>	<u>33,730</u>

4. REVENUE

The Group's principal activities are disclosed in note 1 to the consolidated financial statements. Revenue from the Group's principal activities recognised during the year is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from other source		
Rental income from investment properties	21,201	27,149
Sale of securities	3,549	4,024
Interest income from money lending	2,009	2,557
	<u>26,759</u>	<u>33,730</u>

5. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest income		
– bank deposits	1,753	8,182
– debt instruments at FVOCI	4,017	3,488
– debt instruments at FVTPL	2,993	3,076
– financial instruments at FVTPL	303	418
– loan receivables	3,337	5,495
Compensation on surrender of the lease (<i>note i</i>)	–	12,280
Dividend income	364	370
Exchange gain, net	7,990	–
Government grant (<i>note ii</i>)	405	–
Rental income from properties held for trading	1,966	2,147
Sundry income	773	990
	<u>23,901</u>	<u>36,446</u>

Note:

- (i) On 16 September 2019, the Group entered into a deed of surrender with a former tenant for compensation of early termination of a lease amounted to HK\$12.3 million (equivalent to GBP1.3 million). The compensation was fully received by the Group as at 30 June 2020.
- (ii) Government grant of HK\$405,000 (2020: nil) was obtained from Employment Support Scheme (“ESS”) under the Anti-epidemic Fund launched by the Government of the Hong Kong Special Administrative Region supporting the payroll of the Group's employees. Under the ESS, the Group had to commit to spend this grant on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have other unfulfilled obligations relating to this program.

6. PROFIT/(LOSS) BEFORE INCOME TAX

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(Loss) before income tax is arrived at after charging/ (crediting) the following:		
Auditor's remuneration	550	510
Depreciation		
– property, plant and equipment	1,772	1,704
– right-of-use assets included within leasehold properties	2,794	1,752
Employee costs	19,661	12,405
Exchange (gain)/loss, net	(7,990)	2,824
Fair value (gain)/loss on investment properties	(55,133)	91,085
(Reversal of write-down)/Write-down of properties held for trading	(2,633)	60,315
Direct operating expenses arising from investment properties that – generated rental income during the year	2,077	2,823
– did not generate rental income during the year	410	56
	<u> </u>	<u> </u>

7. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax is calculated at 16.5% (2020: 16.5%) on the estimated assessable profits for the year.

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

Income tax in the consolidated income statement is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax – Hong Kong		
Over-provision in respect of prior years	–	(556)
Current tax – Overseas		
Provision for the year	1,018	1,972
Over-provision in respect of prior years	(297)	–
	<u> </u>	<u> </u>
	721	1,972
Deferred tax	(4,823)	–
Total income tax (credit)/expense	<u> </u>	<u> </u>
	(4,102)	1,416

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(Loss) before income tax	<u>31,985</u>	<u>(154,350)</u>
Notional tax on profit or loss before income tax, calculated at the rates applicable to profits in the countries concerned	5,227	(24,846)
Tax effect of non-deductible expenses	2,042	26,606
Tax effect of non-taxable revenue	(15,437)	(4,024)
Tax effect of deductible temporary difference not recognised	1,956	215
Tax effect of prior year's unrecognised tax loss utilised this year	–	(2,025)
Tax effect of unused tax losses not recognised	2,407	6,046
Over-provision in prior years	<u>(297)</u>	<u>(556)</u>
Income tax (credit)/expense	<u>(4,102)</u>	<u>1,416</u>

8. DIVIDENDS

For the years ended 30 June 2021 and 2020, the directors do not recommend the payment of a final dividend.

9. PROFIT/(LOSS) PER SHARE

Calculation of basic and diluted profit/(loss) per share is based on the following data:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(Loss) for year attributable to owners of the Company	<u>36,139</u>	<u>(153,375)</u>
	Number of shares	
	2021 '000	2020 '000 (Adjusted)
Weighted average number of ordinary shares for the purpose of basic loss per share	559,300	554,813
Effect of dilutive potential ordinary shares in respect of share options issued by the Company	<u>1,902</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>561,202</u>	<u>554,813</u>

On 4 May 2021, every ten issued and unissued ordinary shares were consolidated into one share of the Company (“Consolidated Share”) and the number of Consolidated Shares was rounded down to the nearest whole number by disregarding each and every fractional Consolidated Share which would otherwise arise (the “Share Consolidation”).

Comparative figures of the weighted average number of shares for calculating basic loss per share and diluted loss per share have been adjusted on the assumption that the Share Consolidation have been effective in the prior year.

In 2020, the computation of diluted loss per share attributable to owners of the Company are the same as basic loss per share as the impact of the exercise of share options was anti-dilutive.

10. OTHER FINANCIAL ASSETS

	Measured at FVOCI		Measured at FVTPL		Measured at amortised cost	
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current						
Equity instruments (<i>note</i>)						
- Listed in Hong Kong *	12,890	7,995	-	-	-	-
- Listed outside Hong Kong *	33,645	24,670	-	-	-	-
	<u>46,535</u>	<u>32,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial instruments						
- Unlisted in Hong Kong ^	-	-	28,088	38,197	-	-
- Unlisted outside Hong Kong ^	-	-	112,651	77,564	-	-
- Unlisted investment funds #	-	-	225,691	212,798	-	-
	<u>-</u>	<u>-</u>	<u>366,430</u>	<u>328,559</u>	<u>-</u>	<u>-</u>
Debt instruments						
- Listed in Hong Kong *	25,446	56,699	-	-	-	-
- Listed outside Hong Kong *	-	13,894	-	-	-	-
- Unlisted outside Hong Kong @	-	-	-	19,370	5,373	4,768
	<u>25,446</u>	<u>70,593</u>	<u>-</u>	<u>19,370</u>	<u>5,373</u>	<u>4,768</u>
	<u>71,981</u>	<u>103,258</u>	<u>366,430</u>	<u>347,929</u>	<u>5,373</u>	<u>4,768</u>
Current						
Equity instruments						
- Listed in Hong Kong *	-	-	2,263	-	-	-
- Listed outside Hong Kong *	-	-	19	-	-	-
	<u>-</u>	<u>-</u>	<u>2,282</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt instruments						
- Listed in Hong Kong *	11,602	-	-	3,878	-	-
- Listed outside Hong Kong *	-	-	3,925	7,604	-	-
- Unlisted outside Hong Kong @	-	-	20,553	-	-	-
	<u>11,602</u>	<u>-</u>	<u>24,478</u>	<u>11,482</u>	<u>-</u>	<u>-</u>
	<u>11,602</u>	<u>-</u>	<u>26,760</u>	<u>11,482</u>	<u>-</u>	<u>-</u>

- * These financial assets are measured at fair value which has been determined directly by reference to published price and quotations in active markets (2020: same).
- ^ 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 (2020: same).
- # Among these financial assets, amount of HK\$82,957,000 (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\$142,734,000 (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 (2020: same).
- @ Amount of HK\$20,553,000 (2020: HK\$19,370,000) is measured at fair value which has been determined by discounted cash flow method and amount of HK\$5,373,000 (2020: HK\$4,768,000) is measured at amortised cost.

Note:

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

Movements in other financial assets are summarised as follows:

	Equity instruments at FVOCI		Equity instruments at FVTPL		Financial instruments at FVTPL		Debt instruments at FVOCI		Debt instruments at FVTPL		Debt instrument at amortised cost	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net carrying amount at beginning of the year	32,665	9,145	-	-	328,559	288,267	70,593	71,194	30,852	15,680	4,768	-
Additions	13,194	33,442	4,597	-	105,191	164,731	24,365	41,077	2,579	21,358	-	4,967
Disposals	(8,298)	(6,540)	(2,822)	-	(43,845)	(87,672)	(57,691)	(42,380)	(7,299)	(3,908)	-	-
Changes in fair value credited/ (debited) to profit or loss	-	-	507	-	(30,424)	(33,642)	-	-	(4,115)	(2,278)	-	-
Changes in fair value credited/ (debited) to FVOCI reserve	8,974	(3,382)	-	-	-	-	(219)	702	-	-	-	-
Exchange difference	-	-	-	-	6,949	(3,125)	-	-	2,461	-	605	(199)
Net carrying amount at end of the year	<u>46,535</u>	<u>32,665</u>	<u>2,282</u>	<u>-</u>	<u>366,430</u>	<u>328,559</u>	<u>37,048</u>	<u>70,593</u>	<u>24,478</u>	<u>30,852</u>	<u>5,373</u>	<u>4,768</u>

As at 30 June 2021 and 2020, debt instruments measured at FVOCI and debt instrument measured at amortised cost were determined to be impaired when debt instruments are expected to be irrecoverable. As at 30 June 2021 and 2020, no debt instruments measured at FVOCI and debt instrument measured at amortised cost were impaired.

11. TRADE RECEIVABLES

The Group generally allowed a credit period of 1 month (2020: 1 month) to its trade customers.

Based on the invoice dates, all trade receivables as at 30 June 2021 and 2020 were aged within 90 days.

All trade receivables are subject to credit risk exposure. Impairment on trade receivable is recognised when debts are expected to be irrecoverable for the years ended 30 June 2021 and 2020 respectively.

Based on the due dates, no trade receivables as at 30 June 2021 and 2020 was past due nor impaired.

As at 30 June 2021, there was no amount denominated in a currency other than the functional currency of the entity to which they relate (2020: nil).

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

The directors of the Company consider that the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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

During the Year, 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 properties 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 remained on track for recovery in the fourth quarter of the Year alongside the improving global economic conditions and receding local epidemic. However, the economic recovery was still uneven. As regards domestic demand, private consumption expenditure grew at a faster pace thanks to the receding local epidemic and improving labour market situation. Overall investment expenditure saw accelerated growth amid improved business sentiment. While the unemployment rate declined visibly, underlying consumer price inflation went up slightly. Business sentiment among large enterprises recorded improvement too. The global economy gained momentum in the fourth quarter. As the epidemic situation improved, social distancing restrictions were eased in many major advanced economies notwithstanding the threat of the more infectious COVID-19 variants later in the fourth quarter. The strong fiscal and monetary support rendered a further boost to economic recovery.

The residential property market was buoyant in the fourth quarter, supported by the low interest rate environment, firm end-user demand and improving economic prospects. Trading activities picked up notably and flat prices firmed up. Raising flat supply through increasing land supply is a policy priority of the Government. Reflecting the Government’s sustained efforts to increase land and flat supply, total private first-hand flat supply in the coming three to four years would rise to a high level of 96,000 units.

The commercial and industrial property markets stayed firm in the fourth quarter. Trading activities for all major market segments recorded mild increases over the second half of the Year. Prices and rentals for most major market segments turned firmer. Prices of office space on average remained virtually unchanged in the last quarter of the Year, with the 12% increase in prices of Grade A office space being offset by the declines of 1% and 8% respectively in prices of Grade B and C office space. The average rental yields of Grade A, B and C office space were at 2.3%, 2.6% and 2.9% respectively in June 2021.

Prices and rentals of retail shop space increased slightly by 1% and 3% respectively in the fourth quarter of the Year. Compared with the respective peaks in 2018 and 2019, prices and rentals in June 2021 were still 10% and 9% lower respectively. The average rental yield edged up from 2.4% in March to 2.5% in June 2021.

FINANCIAL REVIEW

For the Year, the Group recorded a turnover of approximately HK\$26,759,000, representing a decrease of approximately 21% compared with that of approximately HK\$33,730,000 for the last financial year. The decrease in turnover was mainly attributed to the decrease in turnover from rental income from investment properties and securities trading business for the Year.

Profit before income tax of the Group for the Year was approximately HK\$31,985,000, while there was a loss before income tax of approximately HK\$154,350,000 for the last financial year. The profit for the Year was mainly attributable to fair value gain on investment properties and reversal of write-down of properties held for trading.

BUSINESS OVERVIEW

Property Development Business

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

It is a property development project at 50 School Road, Moseley, Birmingham, the UK (the “UK Property Project”). The project has a site area of 15,800 square feet and it can be developed into a residential building with gross floor area of approximately 12,000 square feet. The acquisition of the land was completed on 26 October 2018 and the development planning has been completed in the last financial year. Because of COVID-19, the development has been delayed and is expected to be completed in the fourth 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 30 June 2021, the Group has twelve commercial, industrial and residential properties for investment and trading purposes, which are mainly in Hong Kong, one commercial property in Cardiff, the UK and two serviced apartments in Hokkaido, Japan, for investment purpose.

During the Year, the Group recorded a fair value gain on investment properties of approximately HK\$55,133,000 (2020: fair value loss of approximately HK\$91,085,000) and a reversal of write-down of properties held for trading of approximately HK\$2,633,000 (2020: write-down of HK\$60,315,000).

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 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 Year. The Group believes that the property can provide a stable income with 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 refurbishment has been delayed and is expected to be completed in fourth quarter of 2021. Cardiff is the principal office market within Wales and one of the major regional centres in the United Kingdom. The Group believes that it was a good opportunity for holding the property for long-term investment purpose and diversification of the property portfolio.

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

The 4 office units are located on 30th and 13th floors of Universal Trade Centre, No. 3 Arbuthnot Road, Central, Hong Kong. They have a total gross floor area of approximately 5,600 square feet. The office units have all been leased to independent third parties. The lease for some of the office units has expired during the Year and it is 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\$40,000. 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 on 20 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. An advertising agent has been engaged for leasing and management of the signage.

Shops and signages at Lime Stardom, Tai Kok Tsui

Two retail shops and 2 signages were acquired by the Group for trading purpose. The shops are located on the ground floor at Lime Stardom, Tai Kok Tsui with outstanding feature, such as curtain wall design and high ceiling. Hotels and shopping malls are within the proximity, together with the upcoming redevelopment and residential projects in the neighborhood. Tai Kok Tsui will definitely become one of the new focuses of the city with high growth potential. In view of this, those properties are acquired for short-term trading purpose. The shops have been leased to independent third parties with acceptable yield.

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. Both apartments are benefited by increasing inbound tourism in Japan in the long run and garnering Japan and international interest for Niseko's ski resort. 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.

Despite the effect of COVID-19, the Group is optimistic about the prospect of the commercial, industrial and residential property market in Hong Kong, the UK and Japan in the long run. It considers that the properties represent a good investment opportunity and the Group will benefit from the long-term appreciation of the property prices.

During the Year, the segment of property investment and trading business recorded a total rental income of approximately HK\$23,167,000 (2020: approximately HK\$29,296,000), including revenue of approximately HK\$21,201,000 (2020: approximately HK\$27,149,000) and rental income in other income of approximately HK\$1,966,000 (2020: approximately HK\$2,147,000). This segment is expected to provide a significant and steady income source to the Group.

Securities Investment and Trading

The Group maintains a portfolio of stocks and other investments products which generate 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 Year, the Group recorded a net loss in fair value of the investments portfolio in this segment of approximately HK\$358,000 (2020: HK\$289,000).

The Group reported a segment profit of approximately HK\$187,000 (2020: approximately HK\$608,000) during the Year. The Group received interest income from those debt instruments in this segment of approximately HK\$414,000 (2020: approximately HK\$788,000) during the Year. As at 30 June 2021, the carrying amount of the investments in this segment amounted to approximately HK\$7,629,000 (2020: approximately HK\$11,482,000). This value represents an investment portfolio comprising equity and debt instruments and cryptocurrencies.

Loan Financing

During the Year, the Group recorded an interest income from the loan financing business amounting to approximately HK\$2,009,000 (2020: approximately HK\$2,557,000), representing approximately 8% (2020: approximately 8%) of the total revenue of the Group. Profit derived from loan financing business was approximately HK\$1,853,000 for the Year (2020: approximately HK\$2,234,000). The carrying amount of loans receivable as at 30 June 2021 was approximately HK\$17,315,000 (2020: approximately HK\$27,300,000).

PROSPECTS

Looking forward, we expect the global economy to face severe challenges. The outbreak of COVID-19 has become the biggest threat to the world economy for the year 2021. While the impact of the pandemic has yet to be finished, global economic activities are expected to remain subdued in the short to medium term as containment measures are likely to continue for a while. This, together with intensified Sino-US tensions, increased trade protectionism and continued geopolitical risks, will pose further challenges and uncertainties to economic recovery.

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.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2021, the Group had net current assets of approximately HK\$275,629,000 (2020: approximately HK\$284,455,000) including cash and bank balances of approximately HK\$183,179,000 (2020: approximately HK\$132,957,000).

The gearing ratio was approximately 11% as at 30 June 2021 (2020: approximately 10%). The gearing ratio is derived by dividing the total of borrowings by total assets. The gearing ratio has increased for the Year when compared to 30 June 2020 due to borrowing of more foreign loans for overseas investments and property development and refurbishment during the Year.

During the Year, the Group financed its operations with its own working capital and bank borrowings. As at 30 June 2021, the secured bank borrowing of the Group was approximately HK\$234,707,000 (2020: approximately HK\$208,619,000), in which approximately HK\$195,826,000 (2020: approximately HK\$165,040,000) are repayable within a period of not exceeding 5 years and approximately HK\$38,881,000 is repayable beyond 5 years (2020: approximately HK\$43,579,000), and there was no other borrowing as at 30 June 2021 (2020: Nil). The figures ignore the effect of repayment on demand clause and are based on the schedule repayment dates in bank loan agreement.

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

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

	Cost as at 30 June 2021 HK\$'000	Carrying amount as at 30 June 2021 HK\$'000	Outstanding commitment as at 30 June 2021 HK\$'000	Total of carrying amount and commitment as at 30 June 2021 HK\$'000	Gain/(loss) in fair value during the Year HK\$'000	Gain/(loss) on disposal during the Year HK\$'000	Exchange difference during the Year HK\$'000	Dividends/ interests received during the Year HK\$'000
<i>NON-CURRENT</i>								
Equity instruments at fair value through other comprehensive income								
Listed in Hong Kong	13,720	12,890	–	12,890	–	–	–	364
Listed outside Hong Kong	27,213	33,645	–	33,645	8,974	–	–	–
	<u>40,933</u>	<u>46,535</u>	<u>–</u>	<u>46,535</u>	<u>8,974</u>	<u>–</u>	<u>–</u>	<u>364</u>
Financial instruments at fair value through profit or loss								
Unlisted in Hong Kong	68,000	28,088	–	28,088	(10,109)	–	–	–
Unlisted outside Hong Kong	110,802	112,651	–	112,651	13,605	–	3,898	–
Unlisted Investment Funds	242,443	225,691	53,935	279,626	(33,920)	–	3,051	303
	<u>421,245</u>	<u>366,430</u>	<u>53,935</u>	<u>420,365</u>	<u>(30,424)</u>	<u>–</u>	<u>6,949</u>	<u>303</u>
Debt instruments at fair value through other comprehensive income								
Listed in Hong Kong	25,069	25,446	–	25,446	542	443	–	1,405
Listed outside Hong Kong	–	–	–	–	(81)	(249)	–	780
	<u>25,069</u>	<u>25,446</u>	<u>–</u>	<u>25,446</u>	<u>461</u>	<u>194</u>	<u>–</u>	<u>2,185</u>
Debt instruments at amortised costs								
Unlisted outside Hong Kong	4,967	5,373	6,379	11,752	–	–	605	–
	<u>492,214</u>	<u>443,784</u>	<u>60,314</u>	<u>504,098</u>	<u>(20,989)</u>	<u>194</u>	<u>7,554</u>	<u>2,852</u>

	Cost as at 30 June 2021 HK\$'000	Carrying amount as at 30 June 2021 HK\$'000	Outstanding commitment as at 30 June 2021 HK\$'000	Total of carrying amount and commitment as at 30 June 2021 HK\$'000	Gain/(loss) in fair value during the Year HK\$'000	Gain/(loss) on disposal during the Year HK\$'000	Exchange difference during the Year HK\$'000	Dividends/ interests received during the Year HK\$'000
<i>CURRENT</i>								
Equity instruments at fair value through profit or loss								
Listed in Hong Kong	2,263	2,263	-	2,263	505	-	-	-
Listed outside Hong Kong	17	19	-	19	2	-	-	-
	<u>2,280</u>	<u>2,282</u>	<u>-</u>	<u>2,282</u>	<u>507</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt instruments at fair value through profit or loss								
Listed in Hong Kong	-	-	-	-	(183)	-	-	126
Listed outside Hong Kong	3,885	3,925	-	3,925	(75)	-	-	288
Unlisted outside Hong Kong	23,937	20,553	-	20,553	(3,857)	-	2,461	2,579
	<u>27,822</u>	<u>24,478</u>	<u>-</u>	<u>24,478</u>	<u>(4,115)</u>	<u>-</u>	<u>2,461</u>	<u>2,993</u>
Debt instruments at fair value through other comprehensive income								
Listed in Hong Kong	11,464	11,602	-	11,602	(680)	-	-	1,832
	<u>11,464</u>	<u>11,602</u>	<u>-</u>	<u>11,602</u>	<u>(680)</u>	<u>-</u>	<u>-</u>	<u>1,832</u>
	<u>41,566</u>	<u>38,362</u>	<u>-</u>	<u>38,362</u>	<u>(4,288)</u>	<u>-</u>	<u>2,461</u>	<u>4,825</u>
	<u>533,780</u>	<u>482,146</u>	<u>60,314</u>	<u>542,460</u>	<u>(25,277)</u>	<u>194</u>	<u>10,015</u>	<u>7,677</u>

The total size of carrying amount and outstanding commitment for each of those investments as at 30 June 2021 represents approximately 0.001% to 1.31% of the total assets of the Group as at 30 June 2021. 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.

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 Year and there is no plan for material investments or capital assets as at the date of this announcement.

PLEDGE OF ASSETS

As at 30 June 2021, the leasehold properties and certain investment properties with carrying amount of approximately HK\$131,650,000 (2020: approximately HK\$82,344,000) and approximately HK\$513,771,000 (2020: approximately HK\$505,001,000) respectively and bank deposits of approximately HK\$201,514,000 (2020: approximately HK\$225,286,000) were pledged to secure bank borrowings for the Group.

CONTINGENT LIABILITIES

As at 30 June 2021, the Company has no contingent liabilities (2020: Nil).

LEASE AND CONTRACTED COMMITMENTS

As lessor

At 30 June 2021, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within one year	23,405	23,305
In the second year	14,415	15,398
In the third year	6,286	3,817
In the fourth years	3,342	320
In the fifth years	2,770	–
	50,218	42,840

The Group leases its properties under operating lease arrangements which run for an initial period of one to ten years (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 includes contingent rentals.

CAPITAL COMMITMENTS

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for:		
Debt instruments at amortised cost	6,379	–
Financial instruments at FVTPL	53,935	83,895
Properties under development	2,203	11,163
Properties held for trading	25,387	–
	<hr/> 87,904	<hr/> 95,058

FOREIGN EXCHANGE EXPOSURE

The Group's income and expenditure during the Year were denominated in US\$, GBP, EUR, JPY, and HK\$, and most of the assets and liabilities as at 30 June 2021 were denominated in US\$, GBP, EUR, JPY and HK\$. Accordingly, the Board is of the view that, to a certain extent, the Group is exposed to foreign currency exchange risk. For the US\$ foreign exchange exposure, the Board believes the exposure is small as the exchange rate of US\$ to HK\$ is comparatively stable. However, the Group is exposed to GBP, EUR and JPY foreign exchange exposure and fluctuation of exchange rates of GBP, EUR and JPY against HK\$ could affect the Group's results of operations. During the Year, foreign currency banking facilities for GBP, EUR and JPY were arranged for acquisition of properties and investments in these currencies to hedge for foreign exchange exposure.

TREASURY POLICIES

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

SEGMENT INFORMATION

The analysis of the principal activities and geographical locations of the operations of the Group are set out in note 3 to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group had 24 (2020: 13) employees, including the Directors. Total staff costs (including Directors' emoluments) were approximately HK\$19,661,000 for the Year as compared to approximately HK\$12,405,000 in last year. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and share option scheme.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2020: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 23 November 2021 to Friday, 26 November 2021, both days inclusive, during which period no transfer of Shares will be registered. In order to attend the forthcoming annual general meeting of the Company, all transfer of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrars in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 22 November 2021.

CORPORATE GOVERNANCE PRACTICES

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

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 Year.

REMUNERATION COMMITTEE

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

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

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

The Remuneration Committee held 2 meetings during the Year to review the remuneration packages of all the Directors and senior management of the Company.

NOMINATION COMMITTEE

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

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

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

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

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

- (A) at least one-third of the members of the Board shall be independent non-executive Directors;
- (B) at least three of the members of the Board shall be independent non-executive Directors; and
- (C) at least one of the members of the Board shall have obtained accounting or other professional qualifications.

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

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

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

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

The Nomination Committee held 2 meetings during the Year to review the structure, size and composition of the Board, assess the independence of independent non-executive Directors, make recommendations to the Board relating to the renewal services of non-executive Director and independent non-executive Directors and to review the Board Diversity Policy.

AUDIT COMMITTEE

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

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

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

The Audit Committee held 4 meetings during the Year and had reviewed the audited consolidated financial statements for the year ended 30 June 2020 and the unaudited consolidated financial statements for the three months ended 30 September 2020, six months ended 31 December 2020 and nine months ended 31 March 2021 respectively, with the recommendations to the Board for approval; and to review the accounting principles and policies adopted by the Group and its financial reporting functions and risk management and internal control systems. During the Year, the Audit Committee met the Company’s auditor three times.

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

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated financial statements and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, BDO Limited, as to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

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

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

APPRECIATION

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

By order of the Board
Winfull Group Holdings Limited
PONG WILSON WAI SAN
Chairman

Hong Kong, 29 September 2021

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