



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

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號: 00183

**2022**  
**Annual Report**  
年報



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Pong Wilson Wai San (*Chairman*)  
Lee Wing Yin (*Chief Executive Officer*)

### Non-Executive Director

Lai Hin Wing Henry

### Independent Non-Executive Directors

Koo Fook Sun Louis  
Lung Hung Cheuk  
Yeung Wing Yan Wendy

## COMPLIANCE OFFICER

Lee Wing Yin

## COMPANY SECRETARY

Lee Wing Yin

## AUDIT COMMITTEE

Koo Fook Sun Louis (*Chairman*)  
Lung Hung Cheuk  
Yeung Wing Yan Wendy

## REMUNERATION COMMITTEE

Lung Hung Cheuk (*Chairman*)  
Pong Wilson Wai San  
Koo Fook Sun Louis  
Yeung Wing Yan Wendy

## NOMINATION COMMITTEE

Yeung Wing Yan Wendy (*Chairwoman*)  
Pong Wilson Wai San  
Koo Fook Sun Louis  
Lung Hung Cheuk

## AUTHORISED REPRESENTATIVES

Pong Wilson Wai San  
Lee Wing Yin

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit A, 6/F  
9 Queen's Road Central  
Hong Kong

## COMPANY HOMEPAGE

[www.winfullgroup.hk](http://www.winfullgroup.hk)

## REGISTERED OFFICE

Windward 3  
Regatta Office Park  
P.O. Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited  
Windward 3  
Regatta Office Park  
P.O. Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## AUDITOR

BDO Limited  
*Certified Public Accountants*

## STOCK CODE

183

# CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of Winfull Group Holdings Limited (the "Company"), we hereby present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2022 (the "Year") and are pleased to provide an update on our business developments in the Year.

## MARKET OVERVIEW

The Hong Kong economy improved in the fourth quarter of the Year, but the extent of improvement was weaker than expected. As the local epidemic situation generally improved and social distancing measures were relaxed in tandem, there was some revival in domestic activities.

Although the residential property market showed some revival on entering the fourth quarter along with the moderation of the local epidemic, market sentiment turned more cautious as the US Fed and many major central banks stepped up the tightening of monetary policy and the global economic outlook worsened. Flat prices showed little change and the overall flat rentals remained virtually unchanged. The commercial and industrial property markets also stayed generally lacklustre in the fourth quarter. Trading activities rebounded from the low levels in the second half of the Year, but remained largely subdued. Prices and rentals of office space softened further, while those of retail shop space and flatted factory space stabilized.

## FINANCIAL OVERVIEW

For the Year, the Group recorded a turnover of approximately HK\$26,452,000, representing a decrease of approximately 1.1% compared with that of approximately HK\$26,759,000 for the last financial year. The decrease in turnover was mainly attributed to the decrease in turnover from loan financing business for the Year.

Loss before income tax of the Group for the Year was approximately HK\$143,517,000, while there was a profit before income tax of approximately HK\$31,985,000 for the last financial year. The loss for the Year was mainly attributable to fair value loss on investment properties and fair value loss on financial instruments and equity instruments.

## PROSPECTS AND APPRECIATION

Looking forward, the global economy continues to face severe challenges. The soaring inflation and pandemic are still the biggest threats to the world economy for now. While the impacts of the pandemic and soaring inflation have yet to be finished, global economic activities are expected to remain subdued in the short to medium term. This, together with intensified Sino-US tensions, continued tension in Ukraine, 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.

Finally, on behalf of the Board, 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, to my fellow board members for their work and advises and to our clients, consultants and partners for all their valuable assistance offered during this past year.

**Pong Wilson Wai San**

*Chairman*

Hong Kong

29 September 2022

# 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 improved in the fourth quarter of the Year, but the extent of improvement was weaker than expected. As the local epidemic situation generally improved and social distancing measures were relaxed in tandem, there was some revival in domestic activities.

The external environment worsened sharply in the fourth quarter of the Year. Soaring inflation in many advanced economies, which was partly caused by supply-side disruptions and elevated international commodity and energy prices amid the continued tension in Ukraine. The stepping up of monetary policy tightening by many major central banks in response further dampened growth momentum of the global economy. The economy of the United States (the “US”) contracted further in the fourth quarter of the Year amid rampant inflation and sharp monetary policy tightening by the US Federal Reserve (the “US Fed”).

Domestic activities showed some improvement in the fourth quarter of the Year. Local consumption activities revived due to the generally improved local epidemic situation and relaxed social distancing measures in tandem. The Government’s various support measures also helped support demand. However, the momentum in the latter part of the fourth quarter was constrained by the increase in the number of COVID-19 cases and tightened financial conditions.

Although the residential property market showed some revival on entering the fourth quarter along with the moderation of the local epidemic, market sentiment turned more cautious as the US Fed and many major central banks stepped up the tightening of monetary policy and the global economic outlook worsened. Flat prices showed little change and the overall flat rentals remained virtually unchanged. Reflecting the Government’s sustained efforts in raising land supply, the total supply of first-hand flats in the private sector in the coming three to four years would remain at a high level of 98,000 units.

The commercial and industrial property markets stayed generally lacklustre in the fourth quarter. Trading activities rebounded from the low levels in the second half of the Year, but remained largely subdued. Prices and rentals of office space softened further, while those of retail shop space and flatted factory space stabilized. Prices of office space on average decreased by 5% in the last four months of the Year, with the prices of Grade A, B and C office decreased by 8%, 1% and 6% respectively. The average rental yields of Grade A, B and C office space were at 2.4%, 2.7% and 2.8% respectively in June 2022.

Prices and rentals of retail shop space stayed virtually unchanged. Compared with the respective peaks in 2018 and 2019, prices and rentals in June 2022 were still 12% and 13% lower respectively. The average rental yield edged down from 2.9% in March to 2.8% in June 2022.

## FINANCIAL REVIEW

For the Year, the Group recorded a turnover of approximately HK\$26,452,000, representing a decrease of approximately 1.1% compared with that of approximately HK\$26,759,000 for the last financial year. The decrease in turnover was mainly attributed to the decrease in turnover from loan financing business for the Year.

Loss before income tax of the Group for the Year was approximately HK\$143,517,000, while there was a profit before income tax of approximately HK\$31,985,000 for the last financial year. The loss for the Year was mainly attributable to fair value loss on investment properties and fair value loss on financial instruments and equity instruments.

## 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 was completed in November of 2021. A local agent has been appointed for selling and leasing of the apartments. Three units have been leased to independent third parties as at 30 June 2022.

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 2022, 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 loss on investment properties of approximately HK\$110,502,000 (2021: fair value gain of approximately HK\$55,133,000) and a write-down of properties held for trading of approximately HK\$888,000 (2021: a reversal of write-down of approximately HK\$2,633,000). The fair value loss on investment properties is mainly due to the fair value loss on the commercial office properties at 9 Queen's Road Central in Hong Kong and in Cardiff, the UK. A more detailed explanation of the fair value loss for these two investment properties will be provided below.

### *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.

As at 30 June 2022, a fair value loss for this investment property of approximately HK\$67,100,000 has been recognised. The property is valued by market approach, where the comparison based on prices realised on the actual sales of comparable properties is made. The valuation methodologies of the property are the same as that of previous years. In a mature and transparent market like Hong Kong with a high degree of information flow, the market approach is deemed to be the best and most reliable approach in valuation when the comparable sales evidences are available and sufficient to substantiate the exercise, given the facts that the comparables can reflect the latest market sentiment and conditions as at the valuation date. Grade A office value is relatively more susceptible to economic cycles, with decreasing demand for commercial lease due to local epidemic and the concerns on uncertainties in Hong Kong and global economy. The transaction dates of the comparables adopted in the valuation were all within 3 months from the valuation date as well they are all within a radius of approximately one kilometer to the subject property. In this connection, priority should be given to the market approach to ensure the accuracy of the valuation.

## **BUSINESS OVERVIEW** (cont'd)

### *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 have been leased during the Year. The Group believes that the property can provide a stable income with long-term appreciation in value.

### *Atlantic House in Cardiff, United Kingdom*

The property is located in 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 refurbishment of west wing was completed in January 2022 and it is designed for multi-let purpose. Due to the effect of COVID-19, the refurbishment has been delayed for about 6 months and a total cost of approximately HK\$16,559,000 has been incurred which is at the same level of our budget. A local agent has been appointed for leasing of the west wing and 20% of the floor area has been leased as at 30 June 2022.

A fair value loss for this investment property of approximately HK\$38,464,000 has been recognised as at 30 June 2022, which includes the refurbishment costs for west wing incurred up to 30 June 2022. This property is also valued by market approach, where a comparison based on prices realised on the actual sales of en-bloc office comparable in Cardiff is made, with due adjustments on micro factors, such as size, building age, location and transacted dates, and with reference to Financial Time Stock Exchange UK Office index. The valuation methodologies of the property are the same as that of previous years. In a mature and transparent

market like the UK with a high degree of information flow, the market approach is also deemed to be the best and most reliable approach in valuation when the comparable sales evidences are available and sufficient to substantiate the exercise, given the facts that the comparables can reflect the latest market sentiment and conditions as at the valuation date. Commercial office value in Cardiff, the UK is also susceptible to the regional economic cycles, which has yet to be recovered after the pandemic. The transaction dates of the comparables adopted in the valuation were all within 18 months from the valuation date as well they are all within a radius of approximately two kilometers to the subject property. In this connection, priority should be given to the market approach to ensure the accuracy of the valuation.

Cardiff is the principal office market within Wales and one of the major regional centres in the UK. 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. During the Year, an agreement was signed for disposal of unit on 13th floor with floor area of approximately 1,400 square feet to an independent third party. The transaction was completed after 30 June 2022. Further details of this transaction can be referred to our announcement on 8 April 2022. The remaining three office units on 30th floors 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\$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.

## **BUSINESS OVERVIEW** (cont'd)

### *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 these transactions can be referred to our announcements on 21 September 2020 and 31 August 2022.

### *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. During the Year, the Group acquired the remaining 49% of the equity interests of this property and the Group is holding 100% of the equity interests after the acquisition. Further details of this transaction can be referred to our announcement on 17 January 2022. 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 two 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\$23,886,000 (2021: approximately HK\$23,167,000), including revenue of approximately HK\$21,844,000 (2021: approximately HK\$21,201,000) and rental income in other income of approximately HK\$2,042,000 (2021: approximately HK\$1,966,000). 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.

## **BUSINESS OVERVIEW** (cont'd)

### **Securities Investment and Trading** (cont'd)

During the Year, the Group recorded a net loss in fair value of the investments portfolio in this segment of approximately HK\$3,259,000 (2021: approximately HK\$358,000).

The Group reported a segment loss of approximately HK\$2,871,000 (2021: segment profit of approximately HK\$187,000) during the Year. The Group received interest income from those debt instruments in this segment of approximately HK\$67,000 (2021: approximately HK\$414,000) during the Year. As at 30 June 2022, the carrying amount of the investments in this segment amounted to approximately HK\$7,441,000 (2021: approximately HK\$7,629,000). This value represents an investment portfolio comprising equity instruments, financial instruments and cryptocurrencies.

### **Loan Financing**

During the Year, the Group recorded an interest income from the loan financing business amounting to approximately HK\$738,000 (2021: approximately HK\$2,009,000), representing approximately 3% (2021: approximately 8%) of the total revenue of the Group. Profit derived from loan financing business was approximately HK\$702,000 for the Year (2021: approximately HK\$1,853,000). There are no loans receivable as at 30 June 2022 (2021: carrying amount of loans receivable approximately HK\$17,315,000).

## **PROSPECTS**

Looking forward, the global economy continues to face severe challenges. The soaring inflation and pandemic are still the biggest threats to the world economy for now. While the impacts of soaring inflation and the pandemic have 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, continued tension in Ukraine, 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 2022, the Group had net current assets of approximately HK\$238,398,000 (2021: approximately HK\$275,629,000) including cash and bank balances of approximately HK\$212,564,000 (2021: approximately HK\$183,179,000).

The gearing ratio was approximately 11% as at 30 June 2022 (2021: approximately 11%). The gearing ratio is derived by dividing the total of borrowings by total assets. The gearing ratio remains stable for the Year when compared to 30 June 2021.

During the Year, the Group financed its operations with its own working capital and bank borrowings. As at 30 June 2022, the secured bank borrowing of the Group was approximately HK\$220,632,000 (2021: approximately HK\$234,707,000), in which approximately HK\$183,681,000 (2021: approximately HK\$195,826,000) are repayable within a period of not exceeding 5 years and approximately HK\$36,951,000 is repayable beyond 5 years (2021: approximately HK\$38,881,000), and there was no other borrowing as at 30 June 2022 (2021: 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**

On 23 December 2021, Luck Wise Investment Limited (“Luck Wise”) executed the capital contribution agreement in relation to the contribution of RMB20 million by Luck Wise to Tianjin Zhongwei Equity Investment Fund Partnership (Limited Partnership) (the “Partnership”). Luck Wise (as limited partner of the Partnership) and Suzhou Zhongyiwei Private Equity Fund Management Partnership (Limited Partnership) (as general partner of the Partnership) will enter into the limited partnership agreement for the purpose of the establishment of the Partnership.

The Partnership is a limited partnership to be established in the People’s Republic of China, and for the purpose of this report, excluding Hong Kong, Macau and Taiwan, whose principal business is equity or quasi-equity investment in sub-funds and entities in emerging industries. Pursuant to the limited partnership agreement, the Partnership will have a targeted size of RMB1.5 billion (equivalent to about HK\$1.8 billion) and the total capital commitment of Luck Wise is RMB20 million (equivalent to about HK\$23.4 million).

For details of the transaction, please refer to the Company’s announcement dated 23 December 2021.

On 29 December 2021, August Ally Limited, a wholly-owned subsidiary of the Company, subscribed for wealth management product offered by China Life Insurance (Overseas) Company Limited, namely, the China Life Wealth Management Product, in an aggregate subscription amount of USD4,825,067.51.

For details of the transaction, please refer to the Company’s announcement dated 29 December 2021.

On 17 January 2022, Alpha Easy Limited, a wholly-owned subsidiary of the Company, entered into the conditional sale and purchase agreement with Charm Stand Limited, pursuant to which Alpha Easy Limited shall acquire 49 issued shares of Brilliant Icon Limited, representing 49% of the issued share capital of Brilliant Icon Limited, and all obligations, liabilities and debts owing or incurred by Brilliant Icon Limited to Charm Stand Limited and/or its associates from Charm Stand Limited for a total consideration of HK\$15,000,000.

For details of the transaction, please refer to the Company’s announcement dated 17 January 2022.

On 8 April 2022, Baronesa Limited, a wholly-owned subsidiary of the Company, entered into the preliminary sale and purchase agreement with Kindfield Investment Limited and Centaline Property Agency Limited, pursuant to which Baronesa Limited agreed to sell, and Kindfield Investment Limited agreed to purchase, an office unit located in Mid-Levels, Central, Hong Kong, with a gross floor area of approximately 1,431 sq. ft. owned by Baronesa Limited at the consideration of HK\$19,200,000.

For details of the transaction, please refer to the Company’s announcement dated 8 April 2022.

On 17 June 2022 (after trading hours), World Fair Global Limited, a wholly-owned subsidiary of the Company, as vendor entered into the agreement with Mr. Au Wing Wah and Ms. Kong Pik Fan, pursuant to which World Fair Global Limited shall sell 20% of the issued share capital of Universal Honor Holdings Limited, and 20% of all obligations, liabilities and debts owing or incurred by Universal Honor Holdings Limited to Mr. Au Wing Wah and Ms. Kong Pik Fan for a total consideration of HK\$40,000,000.

For details of the transaction, please refer to the Company’s announcement dated 17 June 2022.

**SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS (cont'd)**

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

	Cost as at 30 June 2022 HK\$'000	Carrying amount as at 30 June 2022 HK\$'000	Outstanding commitment as at 30 June 2022 HK\$'000	Total of carrying amount and commitment as at 30 June 2022 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	5,646	3,684	-	3,684	(1,782)	-	-	441
Listed outside Hong Kong	36,873	29,413	-	29,413	(4,785)	-	(281)	295
	42,519	33,097	-	33,097	(6,567)	-	(281)	736
Financial instruments at fair value through profit or loss								
Unlisted in Hong Kong	68,000	38,540	-	38,540	10,452	-	-	-
Unlisted outside Hong Kong	110,815	86,296	-	86,296	(21,785)	-	(4,572)	-
Unlisted Investment Funds	311,752	277,535	57,007	334,542	(14,907)	-	(3,626)	605
	490,567	402,371	57,007	459,378	(26,240)	-	(8,198)	605
Debt instruments at fair value through other comprehensive income								
Listed in Hong Kong	9,340	4,507	-	4,507	(5,569)	(201)	-	1,439
	<b>542,426</b>	<b>439,975</b>	<b>57,007</b>	<b>496,982</b>	<b>(38,376)</b>	<b>(201)</b>	<b>(8,479)</b>	<b>2,780</b>
<i>CURRENT</i>								
Equity instruments at fair value through profit or loss								
Listed in Hong Kong	17	11	-	11	(842)	-	-	124
Listed outside Hong Kong	18	15	-	15	(1)	-	(4)	-
	35	26	-	26	(843)	-	(4)	124
Debt instruments at fair value through profit or loss								
Listed outside Hong Kong	-	-	-	-	(40)	-	-	67
Unlisted outside Hong Kong	-	-	-	-	9,515	-	(445)	1,640
	-	-	-	-	9,475	-	(445)	1,707
Debt instruments at fair value through other comprehensive income								
Listed in Hong Kong	7,588	5,194	-	5,194	(4,916)	58	-	523
Debt instruments at amortised costs Unlisted outside Hong Kong	4,967	4,762	-	4,762	-	-	(611)	1,752
	<b>12,590</b>	<b>9,982</b>	<b>-</b>	<b>9,982</b>	<b>3,716</b>	<b>58</b>	<b>(1,060)</b>	<b>4,106</b>
	<b>555,016</b>	<b>449,957</b>	<b>57,007</b>	<b>506,964</b>	<b>(34,660)</b>	<b>(143)</b>	<b>(9,539)</b>	<b>6,886</b>

### SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS *(cont'd)*

The total size of carrying amount and outstanding commitment for each of those investments as at 30 June 2022 represents approximately 0.001% to 1.98% of the total assets of the Group as at 30 June 2022. 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 report, 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 report.

### PLEDGE OF ASSETS

As at 30 June 2022, the leasehold properties, certain investment properties and financial instruments at FVTPL with carrying amount of approximately HK\$128,856,000 (2021: approximately HK\$131,650,000), approximately HK\$414,496,000 (2021: approximately HK\$513,771,000) and approximately HK\$33,044,000 (2021: Nil) respectively and bank deposits of approximately HK\$164,480,000 (2021: approximately HK\$201,514,000) were pledged to secure bank borrowings for the Group.

### CONTINGENT LIABILITIES

As at 30 June 2022, the Company has no contingent liabilities (2021: Nil).

### LEASE AND CONTRACTED COMMITMENTS

#### As lessor

At 30 June 2022, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	2022 HK\$'000	2021 HK\$'000
Within one year	18,994	23,377
In the second year	10,075	13,039
In the third year	4,084	6,286
In the fourth years	3,125	3,342
In the fifth years	279	2,770
Beyond five years	2,848	–
	<b>39,405</b>	48,814

The Group leases its properties under operating lease arrangements which run for an initial period of one to fifteen years (2021: one to fifteen 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

	2022 HK\$'000	2021 HK\$'000
Contracted but not provided for:		
Financial instruments at FVTPL	57,007	53,935
Properties under development	–	2,203
Properties held for trading	21,250	25,387
	<b>78,257</b>	81,525

## 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 2022 were denominated in US\$, GBP, EUR, JPY, AUD 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, JPY and AUD foreign exchange exposure and fluctuation of exchange rates of GBP, EUR, JPY and AUD against HK\$ could affect the Group's results of operations. During the Year, foreign currency banking facilities for GBP, EUR, JPY and AUD 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 5 to the consolidated financial statements.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group had 17 (2021: 24) employees, including the Directors. Total staff costs (including Directors' emoluments) were approximately HK\$18,663,000 for the Year as compared to approximately HK\$19,661,000 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.

# DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Mr. Pong Wilson Wai San (“Mr. Pong”)**, aged 53, has been appointed as the chairman of the Company (the “Chairman”) and an executive Director with effect from 17 May 2016. Mr. Pong is also an authorised representative and a member of each of the remuneration committee and nomination committee of the Company. Mr. Pong was a Director of the Company during the period from 23 March 2007 to 12 December 2011 and a consultant of the Group during the period from 12 December 2011 to 16 May 2016. Mr. Pong is also a director of various subsidiaries of the Company. Mr. Pong is the sole director and sole shareholder of Virtue Partner Group Limited, which is the substantial and controlling shareholder of the Company. Mr. Pong is responsible for the overall strategic planning and investment strategy of the Group. He holds a bachelor degree in Applied Science from the University of British Columbia. He held various positions in a number of charity organizations in Hong Kong and had held various senior management positions with various local and international securities houses and a multinational company.

Mr. Pong is the sole shareholder of several companies while Mr. Lee Wing Yin is a director of those companies.

**Mr. Lee Wing Yin (“Mr. Lee”)**, aged 52, was appointed as the authorised representative and company secretary of the Company (the “Company Secretary”) on 23 March 2007, an executive Director on 1 June 2010, chief executive officer of the Company (the “CEO”) on 4 November 2011 and compliance officer of the Company on 12 December 2011. He is also a director of various subsidiaries and the associates of the Company. He is responsible for provision of advice for overall management, strategic development and supervision of the Group. Mr. Lee is an associate member of the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and a fellow member of The Association of Chartered Certified Accountants. He has over ten years of working experience in auditing and business advisory services and had worked for international accounting firms for six years. He held senior financial management positions with various local companies before joining the Company.

Mr. Lee is a director of several companies while Mr. Pong Wilson Wai San is the sole shareholder of those companies.

On 17 December 2004, the Stock Exchange publicly censured Mr. Lee, being director of a listing applicant, for his endorsement of the sponsor’s submission and views while having at all material times full knowledge of the material information, thereby causing the listing applicant to breach its undertaking to the Stock Exchange in a listing application, and consequently Mr. Lee was in breach of his director’s undertakings to the Stock Exchange.

## NON-EXECUTIVE DIRECTOR

**Mr. Lai Hin Wing Henry (“Mr. Lai”)**, aged 65, was appointed as an independent non-executive Director on 23 March 2007 and re-designated as a non-executive Director on 12 December 2011. Mr. Lai is a partner, co-chairman of Messrs. P. C. Woo & Co., a firm of solicitors and notaries in Hong Kong, and has been practicing in the legal field for more than thirty years. Graduated from The University of Hong Kong with a bachelor of law degree, Mr. Lai was admitted as a solicitor in Hong Kong, England and Wales and the State of Victoria, Australia. Mr. Lai is a Notary Public and a China Appointed Attesting Officer in Hong Kong. He currently also serves as an independent non-executive director of China Resources Beer (Holdings) Company Limited (Stock code: 291) and ANTA Sports Products Limited (Stock code: 2020) and a non-executive director of China Medical & HealthCare Group Limited (Stock code: 383), companies whose shares are listed on the Main Board of the Stock Exchange.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Koo Fook Sun Louis (“Mr. Koo”)**, aged 66, was appointed as an independent non-executive Director on 23 March 2007. He is also the chairman of the audit committee and a member of the remuneration committee and nomination committee of the Company. Mr. Koo has many years of experience in investment banking and professional accounting. He was a managing director and head of the corporate finance department of a major international bank. Mr. Koo graduated with a bachelor’s degree in business administration from the University of California at Berkeley. He currently serves as an independent non-executive director of another two companies whose shares are listed on the Main Board of the Stock Exchange, namely Li Ning Company Limited (Stock code: 2331) and Xingda International Holdings Limited (Stock code: 1899). He was an independent non-executive director of Good Friend International Holdings Inc. (Stock code: 2398), a company whose shares are listed on the Main Board of the Stock Exchange, from the period from 14 December 2005 to 14 December 2021.

**Mr. Lung Hung Cheuk (“Mr. Lung”)**, aged 75, was appointed as an independent non-executive Director on 23 March 2007. He is also the chairman of the remuneration committee, a member of the nomination committee and audit committee of the Company. Mr. Lung is a retired chief superintendent of the Hong Kong Police Force (the “Hong Kong Police”) of Hong Kong. He joined the Hong Kong Police in 1966 as a Probationary Inspector at the age of 19. He was promoted to the rank of chief inspector in 1980, superintendent in 1986, senior superintendent in 1993 and chief superintendent in 1997. He had served in various police posts, namely Special Branch, Police Tactical Unit, Police Public Relations Bureau and in a number of police divisions at management level. Prior to his retirement in April 2002, he was the commander of Sham Shui Po Police District. Mr. Lung was also the secretary and then the chairman of the Superintendents’ Association (“SPA”) of the Hong Kong Police from 1993 to 2001. The membership of the SPA comprises the top management of the Hong Kong Police from superintendents up to and including the commissioner of Hong Kong Police. He was awarded the Police Meritorious Service Medal by the Chief Executive of Hong Kong in 2000. Mr. Lung is the independent non-executive director of Sitoy Group Holdings Limited (Stock code: 1023), the shares of which are listed on the Main Board of the Stock Exchange.

**Ms. Yeung Wing Yan Wendy (“Ms. Yeung”)**, aged 60, was appointed as an independent non-executive Director on 12 December 2011. She is also the chairwoman of the nomination committee, a member of the audit committee and remuneration committee of the Company. She holds a master’s degree in laws (Human Rights) of the Faculty of Law from The University of Hong Kong, a master’s degree in Juris Doctor of The Faculty of Law from The Chinese University of Hong Kong and a bachelor’s degree in Business Administration from the University of Hawaii at Manoa, Honolulu, Hawaii. Ms. Yeung is a practising barrister in Hong Kong. She has over 20 years of experience in corporate and financial communications. Ms. Yeung was the founder and managing director of Occasions Corporate & Financial Communication Limited from 1993 to 2007 and a managing director of Financial Dynamics International Limited from 2007 to 2010.

# CORPORATE GOVERNANCE REPORT

## 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 Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The Company has complied with all CG Code during the Year.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the CG Code specifies that the roles of chairman and chief executive officer (chief executive for the CG Code) should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer (chief executive for the CG Code) should be clearly established and set out in writing. During the Year, the roles of the chairman and chief executive officer of the Company are separate and exercised by Mr. Pong Wilson Wai San and Mr. Lee Wing Yin, respectively.

## 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.

## BOARD OF DIRECTORS AND BOARD MEETING

The members of the Board for the Year were:

### Executive Directors

Pong Wilson Wai San (*Chairman*)  
Lee Wing Yin (*Chief Executive Officer*)

### Non-executive Director

Lai Hin Wing Henry

### Independent Non-executive Directors

Koo Fook Sun Louis  
Lung Hung Cheuk  
Yeung Wing Yan Wendy

The Board is responsible for the Group’s corporate policy formulation, business strategies planning, business development, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the Board to the management include the preparation of annual and interim accounts for Board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

Each of the Directors’ biographical information is set out on pages 13 to 14 of this report. All executive Directors have given sufficient time and attention to the affairs of the Group and each of them has sufficient experience to hold the position so as to carry out his duties effectively and efficiently. Save as disclosed in this report, there is no relationship among the members of the Board.

## BOARD OF DIRECTORS AND BOARD MEETING

(cont'd)

The Company has appointed three independent non-executive Directors who have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of Shareholders. At least one of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise. Each of them, namely Mr. Koo, Mr. Lung and Ms. Yeung, has signed a letter of appointment with the Company for a term of one year, of which Mr. Koo's and Mr. Lung's terms are commencing from 23 March 2021 and expiring on 22 March 2023 while Ms. Yeung's term is commencing from 12 December 2021 and expiring on 11 December 2022.

Mr. Lai, the non-executive Director, has signed a letter of appointment with the Company for a term of one year commencing from 12 December 2021 and expiring on 11 December 2022.

Mr. Pong, the executive Director, has entered into a service agreement with the Company for an initial term of 36 months commencing from 17 May 2022, or terminated by not less than three months' notice in writing served by either party at any time thereafter. Mr. Pong is entitled to Director's emolument of HK\$550,000 per month plus discretionary bonus to be decided by the Board at its sole discretion, which is determined by reference to the prevailing market conditions and his roles, experience and responsibilities in the Company.

Mr. Lee, the executive Director, has entered into a service agreement with the Company for a term of 36 months commencing from 1 June 2022, or terminated by not less than three months' notice in writing served by either party at any time thereafter. Mr. Lee is entitled to a Director's emolument of HK\$110,000 per month plus discretionary bonus to be decided by the Board at its sole discretion, which is determined by reference to the prevailing market conditions and his roles, experience and responsibilities in the Company.

In accordance with article 87(1) of the articles of association of the Company, all Directors (including executive Directors, non-executive Director and independent non-executive Directors) are subject to retirement by rotation at least once every three years. Mr. Pong and Mr. Lai shall retire from office as Directors by rotation at the forthcoming annual general meeting of the Company (the "AGM"), and being eligible, offer themselves for re-election at the AGM.

Pursuant to the requirements of the Rule 3.13 of the Listing Rules, the Company has received from each of the independent non-executive Directors the written confirmation of his/her independence. Based on such confirmations of independence, the Company considers all of the independent non-executive Directors to be independent.

The Board met 4 times as meetings and held 1 general meeting during the Year.

**BOARD OF DIRECTORS AND BOARD MEETING** (cont'd)

Details of the attendance of the meetings of the Board are as follows:

	Attendance/ Number of General Meeting entitled to attend	Attendance/ Number of Board Meetings entitled to attend
<b>Executive Directors</b>		
Pong Wilson Wai San	1/1	4/4
Lee Wing Yin	1/1	4/4
<b>Non-executive Director</b>		
Lai Hin Wing Henry	1/1	4/4
<b>Independent Non-executive Directors</b>		
Koo Fook Sun Louis	1/1	4/4
Lung Hung Cheuk	1/1	4/4
Yeung Wing Yan Wendy	1/1	4/4

During the Year, the management provided all members of the Board with monthly updates in accordance with the code provision C.1.2 of the CG Code.

**Continuing Professional Development**

According to the code provision A.6.5 of the CG Code, all directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange and/or introduce some Director's training courses for the Directors to develop and explore their knowledge and skills.

The Directors confirmed that they have complied with the code provision A.6.5 of the CG Code on the Directors' training.

During the Year, all Directors have participated in continuous professional development by attending seminars or reading materials on the following topics to develop and refresh their knowledge and skills and provided a record of training to the Company.

**BOARD OF DIRECTORS AND BOARD MEETING** (cont'd)

Directors	Topic on training covered (Notes)
<b>Executive Directors</b>	
Pong Wilson Wai San	(a), (b)
Lee Wing Yin	(a), (b), (c)
<b>Non-executive Director</b>	
Lai Hin Wing Henry	(a), (b)
<b>Independent Non-executive Directors</b>	
Koo Fook Sun Louis	(a), (b)
Lung Hung Cheuk	(a)
Yeung Wing Yan Wendy	(a), (b)

## Notes:

- (a) Corporate governance
- (b) Regulatory
- (c) Finance/Accounting

**Directors' and Officers' Liabilities**

The Company has arranged for appropriate insurance covering the liabilities of the Directors that may arise out of the corporate activities, which has been complied with the CG Code. The insurance coverage is revised on an annual basis.

**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 report, 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.

**REMUNERATION COMMITTEE** (cont'd)

Details of the attendance of the meetings of the Remuneration Committee are as follows:

Members	Attendance
Lung Hung Cheuk ( <i>Committee Chairman</i> )	2/2
Pong Wilson Wai San	2/2
Koo Fook Sun Louis	2/2
Yeung Wing Yan Wendy	2/2

**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 report, 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.

The Board will take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity. The Board also aspires to having an appropriate proportion of directors who have direct experience in the Group's core markets, with different ethnic backgrounds, and reflecting the Group's strategy.

The composition of the Board from diversified angles up to the date of this report is summarised as follows:

		No. of Directors
Gender:	Male	5
	Female	1
Ethnicity:	Chinese	6
Age Group:	51-60	3
	≥61	3
Length of Service (year):	1-10	1
	≥11	5

## NOMINATION COMMITTEE *(cont'd)*

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. Details of the attendance of the meetings of the Nomination Committee are as follows:

Members	Attendance
Yeung Wing Yan Wendy ( <i>Committee Chairwoman</i> )	2/2
Pong Wilson Wai San	2/2
Koo Fook Sun Louis	2/2
Lung Hung Cheuk	2/2

## NOMINATION POLICY

### Policy Statement

The nomination policy of the Company (the "Nomination Policy") sets out the key selection criteria and nomination procedures for selection of board members to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

When making recommendations regarding the nomination of a candidate to the Board, election, re-election, re-designation or re-appointment of any existing member(s) of the Board for consideration, the Nomination Committee should refer to the Nomination Policy, the Board Diversity Policy and the terms of reference of the Nomination Committee for guidance.

### Selection Criteria

In identifying a candidate to become a Board member, the Nomination Committee will take into consideration of the following factors:

- the perspective, skills and experience that the candidate can bring to the Board;
- the merit and contribution which the candidate is expected to bring to the Board;
- the accomplishment and experience of the candidate in relation to similar nature of business of the Company;
- the expected commitment of time of the candidate;
- how the candidate contributes to diversity of the Board;
- a number of aspects of the Board diversity as stated in the Board Diversity Policy, including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of services of the candidate; and
- any other factors that the Board deems relevant.

## **NOMINATION POLICY** *(cont'd)*

### **Selection Criteria** *(cont'd)*

The Nomination Committee has the discretion to nominate any candidate, as it considers appropriate, for the Board's consideration and approval.

A candidate to be nominated as an independent non-executive Director must meet the mandatory qualification requirements as set out in the Listing Rules from time to time.

### **Nomination Procedures**

A meeting of the Nomination Committee will be convened or a written resolution of the Nomination Committee will be circulated to Nomination Committee members to consider the candidate(s) to be nominated before a meeting of the Board to be held or a written resolution of the Board to be circulated to Board members to approve the appointment, re-designation, election or re-election of the candidate(s) as Board member(s).

Each proposed new appointment, re-designation, election or re-election of a director of the Company will be evaluated, assessed and/or considered against the factors as stated above. The Nomination Committee will recommend its views to the Board and/or the shareholders of the Company for consideration and determination.

The ultimate decision of appointment, re-designation, election or re-election will be made by the Board after consideration of the recommendation made by the Nomination Committee.

### **Reporting**

The Nomination Committee will disclose the Nomination Policy annually, in the Corporate Governance Report of the Company's Annual Report.

### **Review of the Nomination Policy**

The Nomination Committee is responsible for the monitoring and regular review of the Nomination Policy to ensure its relevance and effectiveness. Any subsequent amendment of the Nomination Policy shall be reviewed by the Nomination Committee and approved by the Board.

## AUDITOR'S REMUNERATION

The Company has appointed BDO Limited as the auditor of the Company (the "Auditor"). The Board is authorised at the annual general meeting to determine the remuneration of the Auditor. During the Year, the Auditor performed the work of statutory audit for the Year and the remuneration of the Auditor for the Year is approximately HK\$594,000. Non-audit service which related to the review of continuing connected transactions was provided by the Auditor for the Year and the service fee for the Year is approximately HK\$30,000.

## 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 report, 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 performed the following works:

### 1. Financial Reporting

- reviewed the audited consolidated financial statements for the year ended 30 June 2021 in conjunction with the external auditor and the unaudited financial statements for 3 months ended 30 September 2021, 6 months ended 31 December 2021 and 9 months ended 31 March 2022;
- reviewed the accounting principles and practices adopted by the Group;
- reviewed the auditing and financial reporting matters, including the key audit matters of the consolidated financial statements for the year ended 30 June 2021 which are set out in the annual report of the Company for the year ended 30 June 2021;
- reviewed the audit planning for the Year in conjunction with the external auditor;

### 2. External Auditor

- reviewed and approved the remuneration of external auditors of the Company for the Year;
- reviewed the re-appointment of external auditor of the Company and was satisfied with its work, its independence, and its objectivity, and therefore recommended the re-appointment of BDO Limited (which had indicated its willingness to continue in office) as the Group's external auditor for Shareholders' approval in the 2021 annual general meeting;

### 3. Internal Audit

- reviewed the necessity for setting up internal audit function;

### 4. Risk Management and Internal Controls

- reviewed the risk management policy and internal control report; and
- reviewed the effectiveness of risk management and internal control systems.

### AUDIT COMMITTEE (cont'd)

During the Year, the Audit Committee met the Company's auditor two times. Details of the attendance of the meetings of the Audit Committee are as follows:

Members	Attendance
Koo Fook Sun Louis ( <i>Committee Chairman</i> )	4/4
Lung Hung Cheuk	4/4
Yeung Wing Yan Wendy	4/4

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.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The Directors acknowledge their responsibility for the preparation of the financial statements of the Group. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made.

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

The Auditor's responsibilities are set out in the Independent Auditor's Report.

### CORPORATE GOVERNANCE FUNCTIONS

According to code provision D.3 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company in accordance with the written terms of reference adopted by the Board on 30 March 2012. The Board has the following duties and responsibilities for performing the corporate governance duties of the Company:

- to develop and review the Group's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Group's compliance with the corporate governance code as set out in the Listing Rules and disclosure in the corporate governance report in annual report of the Company.

## CORPORATE GOVERNANCE FUNCTIONS (cont'd)

During the Year, the Board held 2 meetings to review the policies and practices of the Company relating to the CG Code. Details of the attendance of the related meetings of the Board are as follows:

	Attendance
<b>Executive Directors</b>	
Pong Wilson Wai San	2/2
Lee Wing Yin	2/2
<b>Non-executive Director</b>	
Lai Hin Wing Henry	2/2
<b>Independent Non-executive Directors</b>	
Koo Fook Sun Louis	2/2
Lung Hung Cheuk	2/2
Yeung Wing Yan Wendy	2/2

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board has responsibility for maintaining appropriate and effective risk management and internal control systems of the Group and reviewing its effectiveness through the Audit Committee by evaluating and determining the nature and extent of the risks which is willing to take in achieving the Group's strategic objectives. The Board is also responsible for overseeing the design, implementation and monitoring of the risk management and internal control systems. The risk management and internal control systems are designed to provide reasonable assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operating systems or in achievement of the Group's business objectives.

The Board, through the Audit Committee, conducts a review of the effectiveness of the Group's risk management and internal control systems by requiring all management to carry out self-risk assessment process using a common risk management framework semi-annually. It covers all material controls, including financial, operational and compliance controls, on an annual basis. It also considers the adequacy of resources and staff qualifications and experience of the Group's accounting and financial reporting function.

Under the enterprise risk management framework, policies and procedures are in place to identify, assess, manage, control and report risks. Such risks include strategic, operational (administrative system, project and lease management, contract and construction management, information technology security), market, reporting and compliance risks. Exposure to these risks is continuously monitored by the Board through the Audit Committee.

The internal control system includes a defined management structure with specified limits of authority. The Board has clearly defined the authorities and key responsibilities of each division to ensure adequate checks and balances. The internal control system has been designed to safeguard the Group's assets against unauthorised use or disposition, to ensure the maintenance of proper accounting records for producing reliable financial information, and to ensure compliance with applicable laws, regulations and industry standard.

The Group does not have an internal audit function. During the Year, the Board has reviewed the effectiveness of the internal control system of the Group and there were no major issues but areas for improvement have been identified by the Audit Committee and appropriate measures taken. In addition, the Board is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. The situation will be reviewed from time to time.

## RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

After the review on the risk management and internal control systems, the management provided an action plan so as to mitigate those identified deficiencies in a timely manner. All internal control findings would be followed up closely to ensure that the action plan is implemented accordingly.

During the Year, the Board was satisfied with the Group's risk management and internal control processes are adequate to meet the need of the Group in its current business environment and that nothing has come to its attention to cause the Board to believe the Group's risk management and internal control systems are inadequate. Moreover, the existing risk management and internal control systems are effective and adequate, and will continue to be reviewed, added on or updated to provide for change in the operating environment.

The Company has adopted a policy setting out guidelines to the directors, officers and all relevant employees of the Group to ensure inside information of the Company is to be disseminated to the public in a timely manner in accordance with the applicable laws and regulations, including but not limited to the Listing Rules and the Inside Information Provisions in Part XIVA of Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong).

Director(s), officer(s) or employee(s) who become aware of any non-public price-sensitive information having been divulged, that may fall into the category of inside information as defined in the policy, should immediately report to the chief executive officer/company secretary of the Company.

The Company must disclose inside information (unless falling within one of the safe harbours under Part XIVA of SFO) to the public as soon as reasonably practicable in accordance with the requirements of the Listing Rules and Part XIVA of SFO. The Board, officers and/or employees of the Company shall take reasonable precautions for preserving the confidentiality of inside information before publication of the relevant announcement (if applicable). All inside information must be treated strictly confidential. Disclosure must be made in a manner that provides the public with an equal, timely and effective access to the information, such as through the electronic publication system operated by the Stock Exchange.

## FINANCIAL REPORTING

The Directors acknowledge their responsibilities for keeping proper accounting records and preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the profit and loss for the year. In preparing the financial statements, the Directors have adopted all applicable Hong Kong Financial Reporting Standards in all material respects, selected appropriate accounting policies and then applied them consistently, made judgements and estimates that are fair and reasonable. The Directors use the going concern basis in preparing the financial statements unless this is inappropriate.

The Company recognises that a clear, balanced and timely presentation of financial report is crucial in maintaining the confidence of stakeholders. Reasonable disclosure of Company's financial position and prospects are provided in the report. Annual and interim results are published within three and two months after the end of the relevant financial periods respectively.

A statement of the Company's external auditor about its reporting responsibilities is included in the Independent Auditor's Report on pages 51 to 55 of this report.

## INVESTOR RELATIONS AND SHAREHOLDERS' RIGHT

The Company values communication with the Shareholders and investors. The Company uses two-way communication channels to account to Shareholders and investors for the performance of the Company. Enquiries and suggestions from Shareholders or investors are welcomed, and enquires from Shareholders may be put to the Board through the following channels to the Company Secretary:

1. By mail to the Company's principal place of business at Unit A, 6/F., 9 Queen's Road Central, Hong Kong;
2. By telephone at telephone number (852) 3183 0727;
3. By fax at fax number (852) 2111 9303; or
4. By email at inquiry@winfullgroup.hk.

## INVESTOR RELATIONS AND SHAREHOLDERS' RIGHT *(cont'd)*

The Company uses a number of formal communication channels to account to Shareholders and investors for the performance of the Company. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchange views with the Board; (iii) updated and key information of the Group available on the websites of the Stock Exchange and the Company; (iv) the Company's website offering communication channel between the Company and its Shareholders and investors; and (v) the Company's share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear, detailed, timely manner and on a regular basis information of the Group to Shareholders through the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements.

The Company strives to take into consideration its Shareholders' views and inputs, and address Shareholders' concerns. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice shall be given. The chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, the Directors are available to answer Shareholders' questions on the Group's businesses at the meeting. To comply with code provision E.1.2 of the CG Code, the management will ensure the external auditor to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

All Shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by Shareholders. According to article 58 of the articles of association of the Company, any one or more of the members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

If a Shareholder wishes to propose a person (the "Candidate") for election as a Director at a general meeting, he/she shall deposit a written notice (the "Notice") at the Company's head office in Hong Kong at Unit A, 6/F., 9 Queen's Road Central, Hong Kong. The Notice (i) must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules and his/her contact details; and (ii) must be signed by the Shareholder concerned including the information/documents to verify the identity of the Shareholder and signed by the Candidate indicating his/her willingness to be elected and consent of publication of his/her personal data. The period for lodgment of the Notice shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such meeting. In order to ensure the Shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a Director without adjourning the general meeting, Shareholders are urged to submit and lodge the Notice as soon as practicable, say at least 15 business days prior to the date of the general meeting appointed for such election.

The Board has established a shareholder communication policy on 30 March 2012 with the latest version updated on 29 September 2022 and will review it on a regular basis to ensure its effectiveness to comply with the code provision E.1.4 of the CG Code.

In order to promote effective communication, the Company also maintains website [www.winfullgroup.hk](http://www.winfullgroup.hk) which includes the latest information relating to the Group and its businesses.

## **DIVIDEND POLICY**

The Board has approved and adopted a dividend policy on 22 February 2019 (the “Dividend Policy”). Under the Dividend Policy, the declaration and payment of dividends shall be determined at the sole discretion of the Board.

The Company’s ability to distribute dividends will depend on, among others, the profits, operating results, cash flow, financial condition, contractual restrictions, capital requirements and other factors of the Company which the Directors consider relevant, and the interests of the shareholders of the Company. The remaining profit will be used for the development and operation of the Group.

The Company’s distribution of dividends shall also comply with any restrictions under the applicable laws of the Cayman Islands, the laws of Hong Kong, the Listing Rules and the articles of association of the Company, as well as subject to the approval of shareholders of the Company.

The Company will continually review the Dividend Policy from time to time. There is no guarantee that any particular amount of dividends will be distributed for any specific periods.

# DIRECTORS' REPORT

For the year ended 30 June 2022

The Directors present the annual report and the audited consolidated financial statements of the Group for the Year.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries of the Company are set out in note 18 to the consolidated financial statements.

## BUSINESS REVIEW

A review of the business of the Group during the Year and a discussion on the Group's future business development are provided in the Chairman's Statement and Management Discussion and Analysis on pages 3 to 12 of this report. Possible risks and uncertainties that the Group may be facing are set out in the Corporate Governance Report on pages 24 to 25 of this report.

## Environmental Policies and Performance

Details for the environmental policies and performance of the Group during the Year are set out in the Environmental, Social and Governance Report on pages 39 to 50.

## Compliance with the Relevant Laws and Regulations

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

## Relationship with Suppliers, Customers and other Stakeholders

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders to meet its immediate and long-term goals.

During the Year, there were no material and significant dispute between the Group and its suppliers, customers and/or other stakeholders.

## RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the state of affairs of the Group as at 30 June 2022 are set out in the financial statements on pages 56 to 130 of this report.

## DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2021: Nil).

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 22 November 2022 to Friday, 25 November 2022, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 21 November 2022.

## CHARITABLE DONATIONS

During the Year, the Group made approximately HK\$1,329,000 charitable donation (2021: approximately HK\$1,146,000).

## SUMMARY FINANCIAL INFORMATION

The following is a summary of the consolidated results and of the consolidated assets and liabilities of the Group for the last five financial years:

### Consolidated Results

	Year Ended 30 June 2022 HK\$'000	Year Ended 30 June 2021 HK\$'000	Year Ended 30 June 2020 HK\$'000	Year Ended 30 June 2019 HK\$'000	Year Ended 30 June 2018 HK\$'000
Revenue	26,452	26,759	33,730	42,944	638,065
Profit/(Loss) before income tax from continuing and discontinued operations	(143,517)	31,985	(154,350)	44,162	255,337
Income tax credit/(expense)	989	4,102	(1,416)	(1,062)	(45,004)
Profit/(Loss) after income tax	(142,528)	36,087	(155,766)	43,100	210,333
Attributable to: Owners of the Company	(144,050)	36,139	(153,375)	42,997	145,954

### Consolidated Assets and Liabilities

	As at 30 June 2022 HK\$'000	As at 30 June 2021 HK\$'000	As at 30 June 2020 HK\$'000	As at 30 June 2019 HK\$'000	As at 30 June 2018 HK\$'000
Total assets	1,959,069	2,137,083	2,065,212	2,186,849	2,117,149
Total liabilities	(273,482)	(294,614)	(272,728)	(236,443)	(211,170)
Net assets	1,685,587	1,842,469	1,792,484	1,950,406	1,905,979

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Year are set out in note 15 to the consolidated financial statements.

## SHARE CAPITAL

As at 30 June 2022, the Company's issued share capital was HK\$56,081,256.6 and the total number of its issued ordinary shares was 560,812,566 shares of HK\$0.10 each in issue.

6,100,000 options have been exercised on 24 June 2022 and the shares of the Company have been allotted on 7 July 2022.

Details of the movements in the Company's share capital during the Year are set out in note 31 to the consolidated financial statements.

## EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Option Schemes" of this report, no equity-linked agreement was entered into by the Company during the Year.

## RESERVES

Details of the movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity of the Group on pages 62 to 63 of this report and in note 40 to the consolidated financial statements respectively.

## DISTRIBUTABLE RESERVES

The Company's reserves available for distribution to Shareholders amount to approximately HK\$1,575,071,000 (2021: approximately HK\$1,671,167,000). Under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the reserves of the Company are available for paying distributions or dividends to Shareholders subject to the provisions of its memorandum and articles of association. In addition, dividends or distributions may, with the sanction of an ordinary resolution of Shareholders, be declared and paid out of the share premium account of the Company provided that immediately following the distribution or dividend, the Company is able to pay its debts as they fall due in the ordinary course of business.

## MAJOR CUSTOMERS AND SUPPLIERS

During the Year, revenue made to the five largest customers of the Group accounted for approximately 51.1% (2021: approximately 47.5%) of the Group's total revenue for the Year. Revenue made to the Group's largest customer accounted for approximately 15.9% (2021: approximately 15.7%) of the Group's total revenue for the Year.

The five largest suppliers of the Group accounted for approximately 65.9% (2021: approximately 80.7%) of the Group's total purchases and the largest supplier accounted for approximately 35.1% (2021: approximately 71.0%) of the Group's purchases.

Save as iOne Financial Press Limited, one of the five largest customers of the Company, is wholly owned by Mr. Pong, at no time during the Year, the Directors, their close associates or any Shareholders (which to the best knowledge of the Directors own more than 5% of the Company's issued shares) had any interest in these major customers and suppliers.

## DIRECTORS

The Directors for the Year and up to the date of this report were as follows:

### Executive Directors

Pong Wilson Wai San (*Chairman*)  
Lee Wing Yin (*CEO*)

### Non-executive Director

Lai Hin Wing Henry

### Independent Non-executive Directors

Koo Fook Sun Louis  
Lung Hung Cheuk  
Yeung Wing Yan Wendy

In accordance with article 87(1) of the articles of association of the Company, Mr. Pong and Mr. Lai shall retire from office as Directors by rotation at the AGM and, being eligible, offer themselves for re-election at the AGM.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 13 to 14 of this report.

## DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in this report, no contract of significant to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

## DIRECTORS' SERVICE CONTRACTS

Details of the Directors' service contracts and appointment letters are described in the "Corporate Governance Report" on page 16.

Apart from the forgoing, no Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Directors	Capacity/ Nature of interests	Number of ordinary share(s) held	Number of underlying shares held pursuant to share options	Total	Approximate percentage of the total number of issued shares of the Company
Pong Wilson Wai San	Beneficial owner	37,479,600	20,230,000 (Note 1)	57,709,600	10.29%
	Interest of a controlled corporation	334,641,966 (Note 3)	–	334,641,966	59.67%
Lee Wing Yin	Beneficial owner	500,000	4,318,000 (Note 1)	4,818,000	0.86%
Lai Hin Wing Henry	Beneficial owner	–	200,000 (Note 2)	–	0.04%
Koo Fook Sun Louis	Beneficial owner	–	200,000 (Note 2)	–	0.04%
Yeung Wing Yan Wendy	Beneficial owner	–	200,000 (Note 2)	–	0.04%
Lung Hung Cheuk	Beneficial owner	–	200,000 (Note 2)	–	0.04%

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (cont'd)

Notes:

1. These shares of the Company represent the share options granted by the Company on 3 June 2014, 17 May 2016, 26 November 2018 and 25 June 2021 under the share option scheme adopted on 1 November 2011 (the "Old Share Option Scheme") and the share options granted by the Company on 29 June 2022 under the share

option scheme adopted on 26 November 2021 (the "New Share Option Scheme"). The options granted on 25 June 2021 have been exercised and the shares have been allotted on 7 July 2022.

2. These shares of the Company represent the share options granted by the Company on 26 November 2018 and 28 April 2020 under the Old Share Option Scheme.
3. These shares of the Company are beneficially owned by Virtue Partner Group Limited, a company wholly owned by Mr. Pong, and therefore Mr. Pong is deemed to be interested in these shares of the Company under the SFO.

### Interest in the associated corporation

Name of Director	Name of the associated corporation	Capacity/Nature of interests	Number of ordinary share(s) held	Approximate percentage of the total number of issued shares of the associated corporation
Pong Wilson Wai San	Virtue Partner Group Limited	Beneficial Owner	1 share	100%

All the interests disclosed above represent long position in the shares.

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2022, other than the interests of certain Directors and chief executive of the Company as disclosed under the section headed "Directors' and chief executives' interests and short position in the shares, underlying shares and debentures of the Company or any associated corporation" above, the interests or short positions of person in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the Shares carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial Shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES (cont'd)

Name of Shareholders	Capacity in which Shares are held	Number of Shares	Number of underlying shares held pursuant to share options	Total	Approximate percentage of the total number of issued shares of the Company
Tung Ching Yee Helena (Note 1)	Family interest	372,121,566	20,230,000	392,351,566	69.96%
Virtue Partner Group Limited	Beneficial owner	334,641,966 (Note 2)	–	334,641,966	59.67%

Notes:

- Ms. Tung Ching Yee Helena is the wife of Mr. Pong and is accordingly deemed to be interested in the Shares beneficially owned by Mr. Pong in his own capacity and through his controlled corporation, Virtue Partner Group Limited, under the SFO.
- 334,641,966 Shares are beneficially owned by Virtue Partner Group Limited, a company wholly owned by Mr. Pong, and therefore Mr. Pong is deemed to be interested in these Shares under the SFO.

All the interests disclosed above represent long position in Shares.

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the issued Shares carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial Shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## SHARE OPTION SCHEMES

### Old Share Option Scheme:

The Old Share Option Scheme adopted on 1 November 2011 by the Shareholders has expired on 31 October 2021. The purpose of the Old Share Option Scheme is to enable the Company to grant options to selected persons as incentives or rewards for their contribution to the Company and its subsidiaries.

The subscription price of a Share in respect of any particular option granted under the Old Share Option Scheme shall be a price determined by the Board and notified to a participant and shall be at least the highest of:

- the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date on which the Board passes a resolution approving the making of an offer of grant of an option to the participant (the "Offer Date");
- the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the Offer Date; and
- the nominal value of the Share on the Offer Date.

All outstanding share options granted but not yet exercised under the Old Share Option Scheme will continue to be valid and exercisable in accordance with the rules of the Old Share Option Scheme.

## SHARE OPTION SCHEMES (cont'd)

### Old Share Option Scheme: (cont'd)

Details of the share options movements during the Year under the Old Share Option Scheme are as follows:

Name or category of grantees	Date of grant of share options	Exercise Price (HK\$)	Exercise Period (Note 1)	Number of share options					Balance as at 30.06.2022
				Balance as at 01.07.2021	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year	
<b>Directors</b>									
Pong Wilson Wai San	3/6/2014	2.210	3/6/2014-2/6/2024	2,260,000	-	-	-	-	2,260,000
	17/5/2016	1.890	17/5/2016-16/5/2026	2,640,000	-	-	-	-	2,640,000
	26/11/2018	1.210	26/11/2018-25/11/2028	4,130,000	-	-	-	-	4,130,000
	25/6/2021	0.306	25/6/2021-24/6/2022	5,600,000	-	(5,600,000)	-	-	-
						(Note 2)			
Lee Wing Yin	3/6/2014	2.210	3/6/2014-2/6/2024	100,000	-	-	-	-	100,000
	17/5/2016	1.890	17/5/2016-16/5/2026	2,718,000	-	-	-	-	2,718,000
	26/11/2018	1.210	26/11/2018-25/11/2028	500,000	-	-	-	-	500,000
	25/6/2021	0.306	25/6/2021-24/6/2022	500,000	-	(500,000)	-	-	-
						(Note 2)			
Lai Hin Wing Henry	26/11/2018	1.210	26/11/2018-25/11/2028	100,000	-	-	-	-	100,000
	28/4/2020	0.480	28/4/2020-27/04/2025	100,000	-	-	-	-	100,000
Koo Fook Sun Louis	26/11/2018	1.210	26/11/2018-25/11/2028	100,000	-	-	-	-	100,000
	28/4/2020	0.480	28/4/2020-27/04/2025	100,000	-	-	-	-	100,000
Yeung Wing Yan Wendy	26/11/2018	1.210	26/11/2018-25/11/2028	100,000	-	-	-	-	100,000
	28/4/2020	0.480	28/4/2020-27/04/2025	100,000	-	-	-	-	100,000
Lung Hung Cheuk	26/11/2018	1.210	26/11/2018-25/11/2028	100,000	-	-	-	-	100,000
	28/4/2020	0.480	28/4/2020-27/04/2025	100,000	-	-	-	-	100,000
Total				19,248,000	-	(6,100,000)	-	-	13,148,000

#### Notes:

- All of the share options granted have no vesting period or vesting condition.
- The closing price of the Shares immediately before 24 June 2022, the date on which those options were exercised, was HK\$0.315. The options have been exercised and the shares have been allotted on 7 July 2022.

### New Share Option Scheme:

The New Share Option Scheme was adopted on 26 November 2021. The following is a summary of principal terms of the New Share Option Scheme adopted by the Shareholders passed as an ordinary resolution on 26 November 2021. The terms of the New Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

#### (a) Purpose of the New Share Option Scheme

The purpose of the New Share Option Scheme is to enable the Company to grant options to selected persons as incentives or rewards for their contribution to the Company and its subsidiaries.

#### (b) Participants of the New Share Option Scheme

The Board may, at its absolute discretion grant all Directors (including executive, non-executive or independent non-executive Directors) and any employee (full-time or part-time) of the Company or any of its subsidiaries, options to subscribe at a price calculated in accordance with the paragraph below for such number of Shares as it may determine in accordance with the terms of the New Share Option Scheme.

## SHARE OPTION SCHEMES (cont'd)

### New Share Option Scheme: (cont'd)

#### (c) Total Number of Shares Available for Issue Under the New Share Option Scheme

The maximum number of Shares available for issue under the share options which may be granted under the New Share Option Scheme and any other share option scheme of the Company must not, exceed 10% of the Shares in issue on 26 November 2021 (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the New Share Option Scheme or any other share option schemes of the Company), unless Shareholders' approval has been obtained.

As at the date of this report, the number of Shares available for issue upon exercise of the outstanding share options and the options to be granted under the Scheme is 56,081,256 Shares, representing approximately 9.89% of the issued Shares.

#### (d) The Maximum Entitlement of Each Participant Under the New Share Option Scheme

The total number of Shares issued and to be issued upon exercise of options granted and to be granted to each participant or grantee (including exercised, cancelled and outstanding options) under the New Share Option Scheme, in any 12-month period up to and including the date of grant shall not exceed 1% of the Shares in issue.

#### (e) Timing for Exercising Option

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

#### (f) Payment of Acceptance of Option

The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.

#### (g) Period of Acceptance of Option

An offer for the grant of options must be accepted within 21 days from the date of grant of the options.

#### (h) The Basis of Determining the Exercise Price of Option

The subscription price of a Share in respect of any particular option granted under the New Share Option Scheme shall be a price determined by the Board and notified to a participant and shall be at least the highest of:

- (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Offer Date;
- (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the Offer Date; and
- (iii) the nominal value of the Share on the Offer Date.

#### (i) Duration of the New Share Option Scheme

The New Share Option Scheme will remain in force for a period of 10 years commencing from 26 November 2021.

#### (j) Grant of Options to Connected Person

Any grant of options to a connected person (as defined in the Listing Rules) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee). Where options are proposed to be granted to a substantial shareholder (as defined in the Listing Rules) of the Company or an independent non-executive Director or any of their respective associates, and the proposed grant of options which would result in the Share issued and to be issued upon exercise of all options already granted or to be granted to such person in the 12-month period up to and including the date of offer of the options, would entitle that person to receive more than 0.1% of the total issued Shares for the time being and the value of which is in excess of HK\$5,000,000, then the proposed grant must be subject to the approval of the Shareholders at the general meeting. All connected persons of the Company must abstain from voting in such general meeting (except where any connected person intends to vote against the proposed grant).

## SHARE OPTION SCHEMES (cont'd)

### New Share Option Scheme: (cont'd)

Details of the share options movements during the Year under the New Share Option Scheme are as follows:

Name or category of grantees	Date of grant of share options	Exercise Price (HK\$)	Exercise Period (Note 1)	Number of share options					Balance as at 30.06.2022	
				Balance as at 01.07.2021	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year		
<b>Directors</b>										
Pong Wilson Wai San	29/6/2022 (Note 2)	0.330	29/6/2022-28/6/2023	-	5,600,000	-	-	-	-	5,600,000
Lee Wing Yin	29/6/2022 (Note 2)	0.330	29/6/2022-28/6/2023	-	500,000	-	-	-	-	500,000
Total				-	6,100,000	-	-	-	-	6,100,000

Notes:

- All of the share options granted have no vesting period or vesting condition.
- The closing price of the Shares immediately before 29 June 2022, the date on which those options were granted, was HK\$0.320.

Information on the accounting policy and the value of options granted is provided in notes 3.21 and 32 to the consolidated financial statements respectively.

### DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executives' interests and short position in the shares, underlying shares and debentures of the Company or any associated corporation" above, at no time during the Year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

### 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.

### INVESTMENT IN SUBSIDIARIES

The principal activities of the Company's subsidiaries are set out in note 18 to the consolidated financial statements.

### CORPORATE GOVERNANCE

The Company maintains a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 15 to 27. The Directors believe the long term financial performance as opposed to short term rewards is a corporate governance objective. The Board would not take undue risks to make short term gains at the expense of the long term objectives.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

## PUBLIC FLOAT

As far as the information publicly available to the Company is concerned and to the best knowledge of the Directors, at least 25% of the Company's issued shares were held by members of the public as at the date of this report.

## DIRECTORS' INTERESTS IN COMPETING INTERESTS

As at the date of this report, none of the Directors had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

## RELATED PARTY/CONNECTED TRANSACTIONS

Save as disclosed under the section headed "Continuing Connected Transactions" below, the Directors consider that those material related party transactions disclosed in note 37 to the consolidated financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the Listing Rules. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

## PRE-EMPTIVE RIGHTS

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

## AUDITOR

BDO Limited will retire and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of BDO Limited as the auditor of the Company is to be proposed at the AGM.

## CONTINUING CONNECTED TRANSACTIONS

Monilea Limited, a wholly owned subsidiary of the Company, as landlord, has entered into a tenancy agreement of 15th Floor, Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong with iOne Financial Press Limited which is wholly and beneficially owned by Mr. Pong, as tenant, for a term of two years commencing from 21 September 2020 (the "Tenancy Agreement"). The monthly rent and the annual cap of the Tenancy Agreement is HK\$233,000 and HK\$2,796,000 respectively.

Save for the Tenancy Agreement, Clear Access Global Limited, another wholly owned subsidiary of the Company, as landlord, had entered into a tenancy agreement of office unit 8, 9th Floor, Arion Commercial Centre, Nos. 2-12 Queen's Road West, Hong Kong with iOne Translation Company Limited, a fellow subsidiary of iOne Financial Press Limited and is also wholly and beneficially owned by Mr. Pong, as tenant, for a term of a period commencing from 9 June 2021 to 30 June 2023 with the monthly rent and the annual cap of HK\$40,000 and HK\$480,000 respectively (the "IT Tenancy Agreement").

The transactions aggregate contemplated under the Tenancy Agreement and the IT Tenancy Agreement (collectively, the "Tenancy Agreements") constitute continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios in respect of the aggregate annual cap for the Tenancy Agreements is less than 25% and the annual consideration is less than HK\$10,000,000, the transactions contemplated under the Tenancy Agreements are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the independent Shareholders' approval requirements.

## CONTINUING CONNECTED TRANSACTIONS

(cont'd)

The Group is principally engaged in investment, trading and development of properties and securities investment and trading. The Directors consider that it is in the commercial interests of the Company. The monthly rent of the Tenancy Agreements are determined after arm's length negotiations with reference to the monthly rental of other similar premises in the Hong Kong market and the professional valuation report issued by Ascent Partners Valuation Service Limited dated 31 May 2021 and 16 September 2020, respectively.

Further details of these transactions can be referred to our announcement dated 21 September 2020.

In accordance with Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions and confirmed that these continuing connected transactions were entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better; and
- (3) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, BDO Limited, the Company's external auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Financial statements and with reference to Practice Note 740 Auditors' Letter on Continuing Connected Transactions under Hong Kong Listing Rules issued by the HKICPA. BDO Limited issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Save as disclosed above, the Company had no connected transactions or continuing connected transactions which fell to be disclosed in accordance with the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions and continuing connected transactions.

## EVENT AFTER THE YEAR

Monilea Limited as landlord has entered into a tenancy agreement of 15th Floor, Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong with iOne Financial Press Limited as tenant for a term of two years commencing from 21 September 2022 (the "Renewed Tenancy Agreement"). The monthly rent and the annual cap of the Renewed Tenancy Agreement is HK\$233,000 and HK\$2,796,000 respectively.

Further details of the transaction can be referred to our announcement dated 31 August 2022.

FOR AND ON BEHALF OF THE BOARD

**Pong Wilson Wai San**

*Chairman*

Hong Kong  
29 September 2022

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This ESG Report provides a detailed account of the Group's sustainability performance, policies and strategies of the Group and the Group during the Year, which highlights our achievements in creating value for the environment, our people, our supply chain and the community during the Year. This report focuses on the sustainability performance and initiatives of our head office and wholly-owned subsidiaries in Hong Kong (collectively: the Group).

## 1. OUR APPROACH TO SUSTAINABILITY

The Group ensures that environment, social governance (ESG) factors are considered in decision-making process across our operations and business. Our corporate governance strategies and underlying policies lay the foundation for our sustainable development strategy and our creation of shared values of our stakeholders. Beyond seizing opportunities in sustainability, we maintain an active and ongoing dialogue with our stakeholders to promote communication, build trust and enhance transparency within the community.

An effective governance structure is essential to address sustainability issues and manage ESG-related issues. The senior management assists the Board of Directors in reviewing the policies and overseeing the issues with respect to sustainability issues.

### 1.1 Corporate Governance

Our Board of Director directs the Group strategy and development, including our sustainability strategy. The Board is held accountable for monitoring and reviewing corporate governance practices across all business operations to maintain high standards and ensure compliance.

The Audit Committee and senior management support the Board in reviewing and maintaining effective risk management and internal control systems. It also evaluates and monitors environment, social and governance related risks and ensures these risks are considered in the process of decision making. The Committee's latest terms of reference are available on the websites of the Group and the Stock Exchange of Hong Kong. Further details of our

corporate governance structure and practices are provided in the Corporate Governance section of our Annual Report.

### 1.2 Sustainability Governance

The executive directors of the Group and the senior management meet regularly to support the Board in ensuring proper alignment of sustainability strategies and the Group's business goals and practices. To achieve this, the executive directors oversee and manage sustainability issue in the Group's daily operations, review feedback from stakeholders and update related policies. They are also responsible for reviewing the Group's sustainability risk, performance and targets, and reporting relevant sustainability matters and performance issues to the Board for decision making purposes on a regular basis.

### 1.3 Sustainability Strategy

To deliver our commitment to creating value for stakeholders in a more systematic and consolidated manner, Group's sustainability strategy is built on four key areas: The Environment, People, Supply Chain and Community.

We support the United Nations' Sustainable Development Goals (SDGs) through pursuing our sustainability strategy to join the universal call by the United Nations Member States to end poverty, protect the planet and ensure that everyone enjoys peace and prosperity by 2030. We have shortlisted seven out of 17 SDGs which we believe are the most relevant to our business profile.

The relevancy of the seven SDGs to the four key areas of our sustainability strategy can be matched toward common targets below. Our contributions to the global goals are presented in corresponding sections in this report, and we will continue to communicate with our stakeholders to explore and seize opportunities to enhance sustainability approaches and practices.

#### *Environment (Goals 7, 11, 12 and 13 of SDGs)*

The Group aims to continually improve the environmental performance of our properties and operations. Through optimizing resource efficiency, acting on climate change and leveraging on innovative solutions, the Group seeks to contribute to building sustainable cities and communities.

#### *People (Goals 3, 4 and 8 of SDGs)*

The Group aims to create a people-centred working environment by embracing diversity and prioritizing wellness and safety. We are dedicated to investing in our people and providing fair opportunities and ample support for them to thrive as a high-performing team.

#### *Supply Chain (Goals 3, 11 and 12 of SDGs)*

The Group aims to promote a sustainable supply chain in environmental, social and governance dimensions. We focus on building long-term, mutually beneficial relationships with our suppliers and contractors through active engagement and management.

#### *Community (Goals 3, 4 and 11 of SDGs)*

The Group puts into practice our belief in building city with heart in which we operate. We invest in promoting education and charity and supporting the underprivileged to create a long-term positive impact.

### **1.4 Stakeholder Involvement**

It is crucial both internal and external viewpoints for continuous improvement in sustainability performance. We regularly communicate with our stakeholders to understand their priorities and expectations on sustainability.

Through communication with stakeholders throughout the Year, we received feedback and suggestion from stakeholders that are invaluable to our sustainable development. Our stakeholders include our investors and shareholders, corporates and industry groups, tenants and employees.

## **2. REPORTING STANDARD AND SCOPE**

The Group's ESG Report was prepared in accordance with the ESG Reporting Guide ("ESG Guide") set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. An index is included at the end of this ESG Report to demonstrate compliance with the ESG Guide.

This ESG Report provides an overview of our sustainability vision and related performance and initiatives in our operations, responding to our stakeholders' interests in the environmental, social and corporate governance aspects of the Group. The scope of the Report covers properties owned and operated by the Group in Hong Kong. This ESG Report also describes detailed key performance indicators ("KPIs") progress towards our targets in the past year in accordance with the ESG Guide. The Group is committed to a reasonable standard of corporate social responsibility and strictly complies with relevant laws and regulations.

## 2.1 Materiality Assessment

In line with the Reporting Principles of the ESG Guide, a Materiality Assessment was conducted to identify material sustainability issues for the Group in the Year. This process follows three steps:

Step 1: Identification

- ESG disclosures of five peer companies in the property industry were reviewed to identify the material issues common in the industry.

Step 2: Prioritisation

- The material aspects which were identified through peer benchmarking were consolidated, creating a list of relevant material ESG issues to be brought forward for validation.

Step 3: Validation

- the findings were prioritised from the first two steps and then confirmed a list of material ESG issues and the relevant Aspects and KPIs for disclosure in this report.

## 3. OUR ENVIRONMENT

### 3.1 Introduction

While there are no significant environmental impacts associated with the nature of our business, we recognise our responsibility to contribute to a greener future. We are committed to optimising energy efficiency and conserving natural resources at our office and properties. To effectively monitor and manage our environmental performance, the Group has introduced internal policies on environmental protection. The environmental policies allow us to identify and manage the environmental issues associated with our operations emphasising three main environmentally friendly practices in the office including paper usage reduction, water resource management and energy saving.

The Group has made considerable effects in mobilizing resource to address material environmental issues including energy efficiency and waste and resource management, ensuring that our programme align with the respective strategies of Hong Kong Government.

### 3.2 Energy Consumption and Emissions

The Group constantly seeks opportunities to reduce energy consumption and greenhouse gas emissions throughout our business operations in properties and signage. We have taken a systematic approach to managing our energy use and carbon footprint. For instance, we have replaced low energy consumption lighting in our office and properties with energy efficient lighting systems. Most of our office equipment is labelled with Grade 1 Energy Labels which contributes to saving energy throughout the year. In addition, the indoor temperature is maintained at 25°C in order to avoid excessive use of energy. The roof-top signage has been pre-set to switch off from 11pm to 7am and the brightness is also set to a normal level to saving energy. These energy-saving measures contribute to managing the carbon footprint of our daily business operations. The management also regularly monitored electricity usage in our offices and properties. The data collected from this exercise will be used to review our buildings' performance, identify preventive measures and produce electricity savings plans. Other measures included adjusting the operating hours of the signage, air-conditioning systems and public lighting systems to optimise electricity usage during peak and off-peak hours.

In fiscal year 2021/22, we established a Group-wide energy consumption target to maintain electricity consumption intensity at current level until fiscal year 2025/26 and respective energy-saving measures were introduced in our office and properties. During the year we achieved an electricity consumption of approximately 220k units (kWh), a reduction of 4.3% compared to fiscal year 2020/21.

The Group is exploring some plans to promote the use of renewable energy. For example, the installation of solar panels on the roof of Sea View Estate. The feasibility of those plans are still under consideration.

In support of reducing carbon emissions to mitigate climate change, an internal review on climate change related impacts was conducted in current year. The study enabled us to review precautionary measure, emergency responses in case of a crisis, in particular extreme weather conditions, such as super typhoons and heavy rainfalls. With a better understanding of the key physical risks posed the operations by climate change, we will continue to enhance our relevant systems, strategies and precautionary measures in anticipation of such challenges.

### 3.3 Waste and Resource Management

The Group has implemented measures regarding waste management and recycling system in order to responsibly manage our use of resources. For instance, we encourage our staff to adopt the use of electronic communication and documents instead of paper forms in their day to day operations. To further reduce paper usage, environmental initiatives such as double-sided printing are encouraged for all staff in our office.

For water savings, reminders to switch off the tap after use are placed in the pantry and washrooms and inspections are performed regularly for water pipes and taps to prevent leakage. Although most of our business operations are not water intensive, we aim to continuously improve our water management practice and foster water conservation awareness across all business units.

The Group also embeds environmental considerations into our procurement processes and prioritizes the use of sustainable materials. Under our environmental policy, the Group takes a proactive approach in considering environmental factors during the procurement process. Clauses or specifications related to environmental protection are included in property management's procurement process to help source goods or services that are better for the environment.

With this systematic approach of waste and resource management, we aim to inspire environmental awareness to promote a more sustainable business and operating practices. The management also periodically monitors the performance of our recycling schemes and systems to evaluate their efficiency and identify ways we can improve them. We are aiming to achieve even greater results in terms of waste reduction in the years ahead.

### 3.4 Cultivating Environmental Awareness

To facilitate sustainable growth, we aspire to foster a green culture within the Group. We have implemented internal environmental policies for our offices and properties. The policies stipulate practical guidance for staff on energy conservation, waste reduction and resource recycling. For instance, the practical guidelines include recommendations such as purchasing office equipment certified with energy efficient labels, replacing lighting basins with energy efficient lightings, and reducing the use of excessive printing. In addition, we have installed recycling bins in our office premises to further reduce waste. We believe the policies will serve as the cornerstone to foster behavioral change within the Group.

## 4. OUR PEOPLE

### 4.1 Introduction

Employees are the core of the Group's business and we are fully committed to provide a safe and caring work environment with a variety of on-the-job training and development opportunities.

### 4.2 Caring Company

The Group continues to take positive action to ensure equal opportunity in the conduct of employment activities: recruitment, hiring, compensation, training and promotion for all persons, regardless of race, religion, gender, family status, age or any other basis prohibited by law. Recruitment of child or force labour is strictly prohibited to protect human rights.

With our remuneration policy, employees are rewarded with fair and competitive remuneration packages and benefits in accordance with qualifications, performance and market salary trends. Annual performance appraisals are conducted to reward staff for past accomplishments, identify promotions and salary increments. In addition to pay mechanism, we provide our employees with a variety of other benefits to ensure their welfare. During the Year, there were no non-compliance cases relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and the relevant legislation, including the Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong) and the Employment Ordinance (Cap. 57 of the Laws of Hong Kong).

#### 4.3 Occupational Health and Safety

One of the Group's top priorities is to provide a healthy and safe working environment for our employees. To demonstrate our commitment, safety guidelines are established to safeguard employees from any occupational hazards which are in compliance with the Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong). Safety arrangements in cases of emergency such as during typhoons and rainstorm warnings are stated in the safety guidelines to ensure that all staff are aware of emergency procedures. With our staff following the safety guidelines, we are glad to announce that there were no work-related fatalities or lost days due to work injury during the Year.

#### 4.4 Training and Development

The Group encourages and arranges training and development opportunities in order to further improve work performance and enhance career development within the Group. These external training opportunities include various training courses and seminars where our employees can advance their skills and knowledge and develop their career.

Various seminars and webinars were taken by its directors, management and general staff during the Year, recording over 240 training hours and an average of 10 training hours per staff.

#### 4.5 Business Ethics

We are committed to maintaining high levels of moral standards and integrity in our business operations. The Group's Employee Handbook states the requirements of professional conduct that all staff are required to follow at all times in accordance with Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong), Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong) and Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong).

The Group has an established whistle – blowing policy for all employees to ensure that management is well aware of the situation where employees have concerns regarding corruption or bribery. When a case regarding corruption or bribery is encountered, an employee may present the case to the management directly and all information will be treated in strict confidence. This procedure allows employees and management to work together to resolve any issues and prevent further misconduct.

During the Year, there were no non-compliance with laws and regulations relevant to bribery, extortion, fraud and money laundering.

### 5. OUR VALUE CHAIN

#### 5.1 Supply Chain Management

Sustainability is one of the factors that the Group considers when choosing our supply chain partners since their sustainability performance is closely related to our business operations. As part of our policy, our suppliers and vendors will need to undergo our approval process and we will conduct evaluation on a regular basis. We are constantly improving our performance by integrating corporate social responsibility practices into the process of supply chain management. Related risks which may affect our operations are being well-managed through this systematic approach.

All our suppliers and contractors are required to comply with relevant environmental and social laws and regulations, such as Waste Disposal Ordinance, the Employment Ordinance and Occupational Safety and Health Ordinance, as well as to perform in accordance with the Group's environmental policy.

## 5.2 Responsible Services

The Group is committed to providing quality services by complying with both national and international standards. The Group has a comprehensive quality assurance process which includes the monitoring of supplier performance, quality control, employee training and development, and corrective and preventive actions. In addition, we comply with the Group's privacy policy which is developed in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) ensuring that all personal data are handled in strict confidence.

Any complaints from customers and tenants are handled and investigated in a thorough and efficient manner. During the Year, there were no complaint cases relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

The Group worked with over 15 suppliers during the Year. Procurements that took environmental factors into consideration accounted for 47% of our total procurements. Local suppliers are preferred possible to reduce carbon emissions for transportation and to support local economics. During the Year, all of our suppliers were based locally.

## 5.3 Managing and Monitoring Suppliers' Performance

The Group communicates our expectations closely with supplier and contractors in our tender invitations and contract documents, including stating our requirements for environmental and social performance. We conduct regular assessments and evaluations of suppliers and contractors who have been accepted on our tender list on their environmental and social performance in addition to other quality-related criteria, to ensure that they are operating according to our requirement on sustainability.

## 5.4 Anti-corruption

The Group holds itself to the highest ethical and governance standards and adopts a zero-tolerance approach towards all forms of corruption and bribery throughout the value chain. We ensure compliance over the Prevention of Bribery Ordinance under the supervision of the Board, and clearly set forth our commitment within the Group's staff handbook, which prohibit our staff from accepting advantages, gifts or entertainment from our business partners, including suppliers and contractors.

We also extend our efforts on anti-bribery and corruption to our supply chain. Apart from Board members, our staff are required to declare any potential or apparent conflict of interest. Vendors would be removed from the vendor list or tendering should they be suspended of any bribery activities. During the Year, the Group did not knowingly work with any suppliers or contractors who contravened our anti-bribery and corruption policy.

## 6. COMMUNITY

Corporate Social Responsibility is an essential part of our vision as the Group is dedicated to good corporate governance practices, promoting economic and social values for the community and minimising our impact on the environment. Our Group aims to contribute to the community and the well-being of the environment by continuing to enhance environmental awareness, deliver training for our employees, and engage in various charitable initiatives to serve the community.

The Group has dedicated itself to take up its corporate social responsibility for the communities where it is present. We support the community through a Po Leung Kuk Winfull Charity Fund Foundation to those unfortunate and underprivileged families. It was established in 2011 with initial donation of over HK\$10,000,000 to help. The Charity Fund dedicates to help low income families fulfill their financial needs to rent a separate abode due to urban renewal, private acquisition, removal orders or other emergency and to improve their home safety. It also aims at providing urgent supplement for families of staff and students in affiliated schools; and higher education supplement for affiliated would-be students enrolling in University Grants Committee (UGC) funded programs; as well as funding for innovational technology and STEAM in affiliated secondary and primary schools.

In addition to the Charity Fund, the Group strives to repay society by participating in charitable sponsorship and supported various local charitable activities and community-based programmes. The Group has a strong will in serving the underserved community. During the Year, we supported various local charitable activities, including donation and participate in various events of Po Leung Kuk for helping those in need. The Group also made donations to a number of charitable group, including Po Leung Kuk and Community Chest, World Vision and Food Angel etc. In total, the Group have contributed over HK\$1,300,000 to different charitable groups, foundations and events during the Year. We are keen to be a good and responsible citizen and make commitments to social services.

The Group encourages our staff members to offer their time and care to the people in need in our community. We also engage our management, employees, and members of our community to make a positive impact through charitable sponsorships, donations and volunteering services.

## 7. KPI DATA TABLE

KPI	Unit	The Year			
<b>A. Environmental</b>					
<b>A1.2</b>	<b>Greenhouse gas emissions in total and intensity</b>				
	Scope 1 emission	Tonnes of CO <sub>2</sub> e	0		
	Scope 2 emission	Tonnes of CO <sub>2</sub> e	156.68		
	Scope 3 emission	Tonnes of CO <sub>2</sub> e	0.00		
	– in total	Tonnes of CO <sub>2</sub> e	156.68		
	– by intensity	Tonnes of CO <sub>2</sub> e/FTE	4.90		
<b>A2.1</b>	<b>Energy consumption by type</b>				
	Direct Energy Consumption				
	– in total	'000 kWh	0		
	– by intensity	'000 kWh/FTE			
	Indirect Energy Consumption				
	– in total	'000 kWh	220.68		
	– by intensity	'000 kWh/FTE	6.90		
	Total Energy Consumption				
	– in total	'000 kWh	220.68		
	– by intensity	'000 kWh/FTE	6.90		
<b>A2.2</b>	<b>Water Consumption in total and intensity</b>				
	Water Consumption				
	– in total	m <sup>3</sup>	263		
	– by intensity	m <sup>3</sup> /FTE	8.22		
<b>B. Social</b>					
<b>B1.1</b>	<b>Total workforce by employment type and gender</b>		Male	Female	
	Full-time (in Hong Kong)	No. of people	15	6	
	Part-time (in Hong Kong)	No. of people	0	0	
	<b>Total workforce by employment type and age group</b>		Under 30	30-50	Above 50
	Full-time	No. of people	0	10	11
	Part-time	No. of people	0	0	0
<b>B1.2</b>	<b>Employee turnover rate by gender</b>		Male	Female	
		%	13	67	
	<b>Employee turnover rate by age group</b>		Under 30	30-50	Above 50
		%	0	50	9
<b>B2.1</b>	<b>Number and rate of work-related fatalities (for the 3 years ended 30 June 2022)</b>				
	– By number	No. of people	0		
	– By rate	%	0		
<b>B2.2</b>	<b>Lost days due to work injury</b>		0		
	– Staff	Days			
<b>B3.1</b>	<b>Employees trained by gender and employee category</b>		Male	Female	
	Directors	No. of people	5	1	
	Senior management	No. of people	3	0	
	General staff	No. of people	4	2	
<b>B3.2</b>	<b>Average training hours completed per employees by gender and employee category</b>		Male	Female	
	Directors	Hours	19	15	
	Senior management	Hours	17	25	
	General staff	Hours	9	4	
<b>B6.2</b>	<b>Number of products and service related complaints received</b>				
	No. of complaints	0			
<b>B7.1</b>	<b>Number of concluded cases regarding corrupt practices brought against the Group</b>				
	No. of cases	0			

## 8. ESG REPORTING GUIDE CONTENT INDEX

Aspect	KPI	Description	Section/Remarks
<b>A. Environmental</b>			
A1 Emissions	A1	General Disclosure	3
	A1.1	The types of emissions and respective emissions data	The Group’s operations do not have a significant impact on the environment from air emissions. Please refer to Section 3 for the Group’s approach on air pollution control.
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity	7
	A1.3	Total hazardous waste produced and intensity	Not material to the Group.
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	The Group’s operations do not have a significant impact on the environment from production of non-hazardous waste. Please refer to Section 3 for the Group’s approach on waste management.
	A1.5	Description of emissions target set and step taken to achieve them	3
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and a description of reduction target(s) set and steps taken to achieve them	3
A2 Use of Resources	A2	General Disclosure	3
	A2.1	Direct and/or indirect energy consumption by type in total and intensity	7
	A2.2	Water consumption in total and intensity	7
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	3
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	3
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not applicable to the Group.

Aspect	KPI	Description	Section/Remarks
<b>A. Environmental</b>			
A3 The Environment and Natural Resources	A3	General Disclosure	3
	A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	3
A4 Climate Change	A4	General Disclosure	3
	A4.1	Description of the significant issues which have impacted, and the action taken to manage them	3

Aspect	KPI	Description	Section/Remarks
<b>B. Social</b>			
<b>Employment and Labour Practices</b>			
B1 Employment	B1	General Disclosure	4
	B1.1	Total workforce by gender employment type, age group and geographical region	7
	B1.2	Employee turnover rate by gender, age group and geographical region	7
B2 Health and Safety	B2	General Disclosure	4
	B2.1	Number and rate of work-related fatalities (past 3 years)	7
	B2.2	Lost days due to work injury	7
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	4
B3 Development and Training	B3	General Disclosure	4
	B3.1	The percentage of employees trained by gender and employee category	7
	B3.2	The average training hours completed per employee by gender and employee category	7
B4 Labour Standards	B4	General Disclosure	We abide by relevant employment ordinances and statutory requirements. No relevant cases of non-compliance were recorded.

Aspect	KPI	Description	Section/Remarks
<b>B. Social</b>			
<b>Operating Practices</b>			
B5 Supply Chain Management	B5	General Disclosure	5
	B5.1	Number of suppliers by geographical region	5
	B5.2	Description of practices relating to engaging suppliers, and how they are implemented and monitored	5
	B5.3	Description of practices used to identify environmental and social risks along supply chain and how they are implemented and monitored	5
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	5
B6 Product Responsibility	B6	General Disclosure	5
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	No products was sold by the Group.
	B6.2	Number of products and service related complaints received and how they are dealt with	5
	B6.3	Description of practices relating to observing and protecting intellectual property rights	The Group do not have any intellectual property rights.
	B6.4	Description of quality assurance process and recall procedures	No applicable to the Group since no products was sold by the Group.
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	5
B7 Anti-corruption	B7	General Disclosure	5
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	5
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	5
	B7.3	Description of anti-corruption training provided to directors and staff	5
<b>Community</b>			
B8 Community Investment	B8	General Disclosure	6
	B8.1	Focus areas of contribution	6
	B8.2	Resources contributed to focus area	6

# INDEPENDENT AUDITOR'S REPORT



Tel: +852 2218 8288  
Fax: +852 2815 2239  
www.bdo.com.hk

電話：+852 2218 8288  
傳真：+852 2815 2239  
www.bdo.com.hk

25<sup>th</sup> Floor Wing On Centre  
111 Connaught Road Central  
Hong Kong

香港  
干諾道中111號  
永安中心25樓

## To the shareholders of Winfull Group Holdings Limited

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

### OPINION

We have audited the consolidated financial statements of Winfull Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 56 to 130, which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## KEY AUDIT MATTERS (cont'd)

### Valuation of investment properties

*Refer to note 16 and the Group's critical accounting estimates and judgements in relation to valuation of investment properties set out in note 4 to the consolidated financial statements*

The carrying value of the Group's investment properties as at 30 June 2022 was HK\$865,873,000. Investment properties are measured at cost on acquisition, and thereafter are carried at fair value, with any changes therein recognised in profit or loss. During the year ended 30 June 2022, the Group recognised a fair value loss of HK\$110,502,000 on its investment properties.

Fair values on investment properties are determined using direct comparison approach, in which the comparable properties with similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value. To assist management in this judgement area, the Group engaged professionally qualified independent valuer for the property valuation exercise.

We identified valuation of investment properties as a key audit matter because of its potential significance to the consolidated financial statements as a whole, combined with management's estimations required in determining fair values.

### How our audit addressed the Key Audit Matter

Our procedures on the valuation of investment properties included:

- Assessing the competency and capabilities of the independent valuer taking into account of their experience and qualifications;
- Conducting in-depth discussions with management and the independent valuer about the key assumptions and the industry norms and assessing the valuation methodology;
- Assessing the methodologies used and the appropriateness of the key assumptions used by the independent valuer and management in arriving at the fair value of investment properties; and
- Checking, on a sample basis, the accuracy and relevance of the data provided by the independent valuer and management.

## KEY AUDIT MATTERS (cont'd)

### Valuation of financial instruments measured at fair value

*Refer to note 21 and the Group's critical accounting estimates and judgements in relation to valuation of financial instruments measured at fair value set out in note 4 to the consolidated financial statements*

The Group has applied valuation techniques to determine the fair value of financial instruments that are not quoted in active markets. These valuation techniques, in particular those that include significant unobservable inputs, involve management using subjective judgements and assumptions. With different valuation techniques and assumptions applied, the valuation results can vary significantly.

As at 30 June 2022, the Group has unquoted financial instruments measured at fair value amounted to HK\$402,371,000. Financial instruments that used significant unobservable inputs in the valuation, and hence were categorised within level 3 of the fair value hierarchy of HK\$328,824,000, involved a higher degree of uncertainty in their valuation.

We identified valuation of financial instruments as a key audit matter because of the degree of complexity involved in valuing the financial instruments, combined with management's judgement exercised in determining the inputs used in the valuation models.

### How our audit addressed the Key Audit Matter

Our procedures on the valuation of financial instruments included:

- Enquiring management including fund manager and assessing the methodologies used in fair value measurement and the appropriateness of key assumptions and parameters based on our knowledge of the investments;
- Obtaining management information including budgets and forecasts from the portfolio companies being valued and using these to corroborate the key inputs in the valuation model;
- Checking, on a sample basis, the accuracy and relevance of the data used such as comparing key underlying financial data inputs to external sources and investee companies' audited financial statements and management information as applicable; and
- Checking the arithmetical accuracy on the valuation model.

## OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS** (cont'd)

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **BDO Limited**

*Certified Public Accountants*

#### **Au Yiu Kwan**

Practising Certificate Number P05018

Hong Kong, 29 September 2022

# CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue	6	26,452	26,759
Cost of sales		(6,749)	(6,260)
<b>Gross profit</b>		<b>19,703</b>	20,499
Other income	7	11,484	23,901
Administrative expenses and other operating expenses		(43,203)	(33,514)
Fair value (loss)/gain on investment properties	16	(110,502)	55,133
Fair value gain/(loss) of debt instruments at FVTPL	21	9,475	(4,115)
Fair value (loss)/gain of equity instruments at FVTPL	21	(843)	507
Fair value loss of financial instruments at FVTPL	21	(26,240)	(30,424)
(Loss)/Gain on disposal of debt instruments at FVOCI		(143)	194
(Write-down)/Reversal of write-down of properties held for trading	22	(888)	2,633
Finance costs	9	(2,360)	(2,829)
<b>(Loss)/Profit before income tax</b>	8	<b>(143,517)</b>	31,985
Income tax credit	10	989	4,102
<b>(Loss)/Profit for the year</b>		<b>(142,528)</b>	36,087
<b>(Loss)/Profit for the year attributable to:</b>			
Owners of the Company		(144,050)	36,139
Non-controlling interests		1,522	(52)
		(142,528)	36,087
<b>(Loss)/Earnings per share</b>	12		
– Basic		HK(25.69) cents	HK6.46 cents
– Diluted		HK(25.69) cents	HK6.44 cents

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>(Loss)/Profit for the year</b>		<b>(142,528)</b>	36,087
<b>Other comprehensive income for the year</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Changes in fair value of equity instruments at FVOCI	21	<b>(6,567)</b>	8,974
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Changes in fair value of debt instruments at FVOCI	21	<b>(10,485)</b>	(219)
Release of FVOCI reserve upon disposal of debt instruments at FVOCI		<b>143</b>	398
Exchange differences arising on translation of foreign operations		<b>1,111</b>	1,402
<b>Other comprehensive income for the year, net of tax</b>		<b>(15,798)</b>	10,555
<b>Total comprehensive income for the year</b>		<b>(158,326)</b>	46,642
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		<b>(159,848)</b>	46,694
Non-controlling interests		<b>1,522</b>	(52)
		<b>(158,326)</b>	46,642

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	140,844	145,458
Investment properties	16	865,873	976,946
Intangible assets	17	2,393	1,442
Equity instruments at FVOCI	21	33,097	46,535
Financial instruments at FVTPL	21	402,371	366,430
Debt instruments at FVOCI	21	4,507	25,446
Debt instrument at amortised cost	21	–	5,373
Loan receivables	20	6,565	172
Deposit for leasehold improvement		–	16,249
		<b>1,455,650</b>	1,584,051
<b>Current assets</b>			
Properties held for trading	22	106,485	67,373
Properties under development	23	–	37,521
Trade receivables	24	1,603	1,121
Prepayments, deposits and other receivables		8,305	6,647
Loan receivables	20	–	17,315
Debt instruments at FVOCI	21	5,194	11,602
Debt instruments at FVTPL	21	–	24,478
Debt instrument at amortised cost	21	4,762	–
Equity instruments at FVTPL	21	26	2,282
Cash and bank balances	25	212,564	183,179
Pledged bank deposits	26	164,480	201,514
		<b>503,419</b>	553,032
<b>Current liabilities</b>			
Accrued expenses, other payables and deposits received	27	20,017	11,660
Borrowings	28	219,275	222,671
Amounts due to non-controlling shareholders	29	2,160	18,231
Provision for income tax		23,569	24,841
		<b>265,021</b>	277,403
<b>Net current assets</b>		<b>238,398</b>	275,629
<b>Total assets less current liabilities</b>		<b>1,694,048</b>	1,859,680
<b>Non-current liabilities</b>			
Deposits received	27	1,929	–
Borrowings	28	1,357	12,036
Deferred tax liabilities	30	5,175	5,175
		<b>8,461</b>	17,211
<b>Net assets</b>		<b>1,685,587</b>	1,842,469

Consolidated statement of financial position  
As at 30 June 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>EQUITY</b>			
Share capital	31	56,081	56,081
Reserves		1,630,044	1,789,716
<b>Equity attributable to owners of the Company</b>		<b>1,686,125</b>	1,845,797
<b>Non-controlling interests</b>		<b>(538)</b>	(3,328)
<b>Total equity</b>		<b>1,685,587</b>	1,842,469

On behalf of the directors

**Pong Wilson Wai San**  
Director

**Lee Wing Yin**  
Director

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>Cash flows from operating activities</b>			
(Loss)/Profit before income tax		(143,517)	31,985
Adjustments for:			
Interest income		(8,451)	(14,412)
Dividend income	7	(917)	(364)
Depreciation	8	4,614	4,566
Equity-settled share-based payments		435	462
Exchange loss/(gain), net		9,655	(10,014)
Fair value changes on investment properties	8	110,502	(55,133)
Fair value changes on debt instruments at FTVPL	21	(9,475)	4,115
Fair value changes on equity instruments at FTVPL	21	843	(507)
Fair value changes on financial instruments at FTVPL	21	26,240	30,424
Loss/(Gain) on disposals of debt instruments at FVOCI		143	(194)
Impairment on intangible assets	17	1,431	113
Written-down/(Reversal of write-down) of properties held for trading	22	888	(2,633)
Finance cost	9	2,360	2,829
Operating loss before working capital changes		(5,249)	(8,763)
Increase in properties under development		(4,927)	(13,102)
(Increase)/Decrease in trade receivables		(482)	185
(Increase)/Decrease in prepayments, deposits and other receivables		(1,655)	2,633
Increase in accrued expenses, other payables and deposits received		8,419	1,413
Cash used in operations		(3,894)	(17,634)
Interest received		8,451	11,833
Interest paid		(1,192)	(2,829)
Income tax paid		(236)	(1,950)
<i>Net cash generated from/(used in) operating activities</i>		<b>3,129</b>	(10,580)

Consolidated statement of cash flows  
For the year ended 30 June 2022

Notes	2022 HK\$'000	2021 HK\$'000
<b>Cash flows from investing activities</b>		
Dividend received	917	364
Deposits for leasehold improvement	(310)	(16,249)
(Placement)/Refund of time deposits with original maturity of more than 3 months	(134,763)	9,875
Release of pledged bank deposits	37,034	23,772
Repayments from loan receivables	10,923	60,503
Purchases of property, plant and equipment	–	(578)
Purchases of investment properties	–	(114)
Purchases of intangible assets	(2,385)	(1,555)
Purchases of equity instruments at FVOCI	(36,873)	(13,194)
Purchases of equity instruments at FVTPL	(1,885)	(4,597)
Purchases of financial instruments at FVTPL	(97,583)	(105,191)
Purchases of debt instruments at FVOCI	(3,364)	(24,365)
Proceeds from disposals of equity instruments at FVOCI	43,463	8,298
Proceeds from disposals of equity instruments at FVTPL	3,294	2,822
Proceeds from disposals of financial instruments at FVTPL	27,204	43,845
Proceeds from disposals of debt instruments at FVOCI	20,083	58,283
Proceeds from disposals of debt instruments at FVTPL	33,508	7,299
<i>Net cash (used in)/generated from investing activities</i>	<b>(100,737)</b>	49,218
<b>Cash flows from financing activities</b>		
New bank borrowings raised	35 50,462	50,426
Repayments of borrowings	35 (44,975)	(36,773)
Advances from non-controlling shareholders	35 211	–
Repayments of amounts due to non-controlling shareholders	35 (16,009)	–
Consideration received from acquisition of non-controlling interests	1,009	–
Proceeds from issue of ordinary shares	1,867	2,881
<i>Net cash (used in)/generated from financing activities</i>	<b>(7,435)</b>	16,534
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(105,043)</b>	55,172
<b>Cash and cash equivalents at beginning of year</b>	<b>183,179</b>	123,082
<b>Effect of foreign exchange rate change</b>	<b>(335)</b>	4,925
<b>Cash and cash equivalents at end of year</b>	<b>77,801</b>	183,179
<b>Analysis of balances of cash and cash equivalents</b>	25	
Cash and bank balances	77,801	83,240
Short-term deposits	–	99,939
	<b>77,801</b>	183,179

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Equity attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Share-based payment reserve HK\$'000	FVOCI reserve HK\$'000	Other reserve HK\$'000	Retained profit HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity 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 (note 31)	600	2,584	-	(303)	-	-	-	2,881	-	2,881
<b>Transactions with owners</b>	<b>600</b>	<b>2,584</b>	<b>-</b>	<b>159</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,343</b>	<b>-</b>	<b>3,343</b>
Profit for the year	-	-	-	-	-	-	36,139	36,139	(52)	36,087
Other comprehensive income:										
Changes in fair value of equity instruments at FVOCI (note 21)	-	-	-	-	8,974	-	-	8,974	-	8,974
Changes in fair value of debts instruments at FVOCI (note 21)	-	-	-	-	(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
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>1,402</b>	<b>-</b>	<b>8,399</b>	<b>-</b>	<b>36,893</b>	<b>46,694</b>	<b>(52)</b>	<b>46,642</b>
<b>At 30 June 2021</b>	<b>56,081</b>	<b>1,570,851</b>	<b>3,644</b>	<b>11,867</b>	<b>6,118</b>	<b>1,380</b>	<b>195,856</b>	<b>1,845,797</b>	<b>(3,328)</b>	<b>1,842,469</b>

Consolidated statement of changes in equity  
For the year ended 30 June 2022

	Equity attributable to owners of the Company									
	Share capital	Share premium	Translation reserve	Share-based payment reserve	FVOCI reserve	Other reserve	Retained profit	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2021	56,081	1,570,851	3,644	11,867	6,118	1,380	195,856	1,845,797	(3,328)	1,842,469
Equity-settled share-based payments	-	-	-	435	-	-	-	435	-	435
Acquisition of a subsidiary without change in control	-	-	-	-	-	(259)	-	(259)	1,268	1,009
<b>Transactions with owners and changes in ownership interests in subsidiaries that do not result in a loss of control</b>	-	-	-	435	-	(259)	-	176	1,268	1,444
Loss for the year	-	-	-	-	-	-	(144,050)	(144,050)	1,522	(142,528)
Other comprehensive income:										
Changes in fair value of equity instruments at FVOCI (note 21)	-	-	-	-	(6,567)	-	-	(6,567)	-	(6,567)
Changes in fair value of debts instruments at FVOCI (note 21)	-	-	-	-	(10,485)	-	-	(10,485)	-	(10,485)
Release of FVOCI reserve upon disposals of debts instruments at FVOCI	-	-	-	-	143	-	-	143	-	143
Release of FVOCI reserve upon disposals of equity instruments at FVOCI	-	-	-	-	(8,174)	-	8,174	-	-	-
Exchange differences arising on translation of foreign operations	-	-	1,111	-	-	-	-	1,111	-	1,111
<b>Total comprehensive income for the year</b>	-	-	1,111	-	(25,083)	-	(135,876)	(159,848)	1,522	(158,326)
<b>At 30 June 2022</b>	<b>56,081</b>	<b>1,570,851</b>	<b>4,755</b>	<b>12,302</b>	<b>(18,965)</b>	<b>1,121</b>	<b>59,980</b>	<b>1,686,125</b>	<b>(538)</b>	<b>1,685,587</b>

Other reserve represents the difference between the changes in proportionate share of the carrying amount of its subsidiaries' net assets or liabilities and the consideration paid or received for the changes of certain interests in subsidiaries that does not result in a loss of control.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

## 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 directors of the Company consider the ultimate holding company of the Company to be Virtue Partner Group Limited, a company incorporated in the British Virgin Islands.

The principal activity of the Company is investment holding. Details of its subsidiaries (together with the Company referred to as the “Group”) are set out in note 18. During the year, 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 on pages 56 to 130 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 2021

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 July 2021:

2021 Amendment to HKFRS 16  
Amendments to HKAS 39, HKFRS 4,  
HKFRS 7, HKFRS 9, and HKFRS 16

Covid-19-Related Rent Concessions beyond 30 June 2021  
Interest Rate Benchmark Reform – Phase 2

Except as illustrated below, the adoption of new and amended HKFRSS does not have significant impact on the Group’s results and financial position for the current and prior periods that have been prepared or presented.

#### *Interest Rate Benchmark Reform – Phase 2 (Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9, and HKFRS 16)*

The amendments provide relief to the Group in respect of certain loans whose contractual terms are affected by interest benchmark reform. See the applicable notes for further details on how the amendments affected the Group.

## 2. ADOPTION OF NEW AND AMENDED HKFRSS (cont'd)

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

At the date of authorisation of these financial statements, certain new and amended HKFRSSs 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 HKFRSSs that are expected to have impact on the Group's accounting policies is provided below. Certain new and amended HKFRSSs have been issued but are not expected to have a material impact of the Group's consolidated financial statements.

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Annual Improvements to HKFRSSs 2018–2020 Cycle	Annual Improvements to HKFRSSs 2018–2020 Cycle <sup>1</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current <sup>3</sup>
HK-Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
HKFRS 17	Insurance Contracts and the related Amendments <sup>3</sup>
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>2</sup> 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.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of preparation

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared under historical cost convention, except for certain financial instruments and investment properties, which are measured at fair value. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June each year.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the consolidated financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in those non-controlling interests having a deficit balance.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control directly or indirectly. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

#### 3.3 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amounts are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

#### 3.4 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the reporting date are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.4 Foreign currency translation (cont'd)

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK\$. Assets and liabilities have been translated into HK\$ at the closing rates at the reporting date. Income and expenses have been converted into HK\$ at the exchange rates ruling at the transaction dates or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

When a foreign operation is disposed of, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

#### 3.5 Property, plant and equipment

All property, plant and equipment (other than art work as described below) are stated at cost less accumulated depreciation and impairment losses, if any.

Art work is stated at cost less subsequent accumulated impairment losses, if any.

Depreciation is provided to write off the cost less their estimated residual values over their estimated useful lives, using straight-line method at the following rates per annum:

Leasehold properties	2% or over the lease terms, whichever is shorter
Furniture, fixtures and equipment	10% to 30%
Motor vehicles	20%
Leasehold improvements	10% to 20% or over the lease terms, whichever is shorter

Art work is stated at cost less any identified impairment loss (if any).

The assets' estimated residual values, if any, depreciation methods and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.6 Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment; and
- investments in subsidiaries

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value-in-use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

#### 3.7 Investment property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

#### 3.8 Intangible assets (other than goodwill)

Intangible assets are cryptocurrencies.

Cryptocurrencies are open-source software-based online payment system where payments are recorded in a public ledger using its own unit of account. The Group considers cryptocurrencies as a type of intangible asset and measures cryptocurrencies held by the Group at cost less impairment. An impairment assessment is carried out at the end of the reporting period to determine whether the recoverable amounts of the cryptocurrencies are higher than their carrying amounts. An impairment loss is recognised as an expense immediately when the recoverable amount is below the carrying amount. The recoverable amounts of the cryptocurrencies are determined as the higher of their fair values less costs of disposal and value in use. Fair values are estimated using the assumptions that market participants would use when pricing the cryptocurrencies, assuming that market participants act in their economic best interest.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.9 Leasing

##### (i) Accounting as a lessee

All leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term 12 months or less and do not contain purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

##### *Right-of-use asset*

It should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold property held for own use, they are carried at cost less accumulated depreciation and impairment losses, if any.

##### *Lease liability*

It should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the lessee's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.9 Leasing (cont'd)

##### (i) Accounting as a lessee (cont'd)

###### Lease liability (cont'd)

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g. a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset with the exception to which the practical expedient for Covid-19-Related Rent Concessions applies.

##### (ii) Accounting as a lessor

The Group has leased out its investment property to a number of tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

#### 3.10 Properties held for trading

Properties held for trading are carried at the lower of cost and net realisable value. Cost comprises all costs of purchase. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

#### 3.11 Properties under development

Properties under development for future sale in the ordinary course of business are carried at the lower of cost and net realisable value. Cost comprises the acquisition cost of land and/or properties, development expenditure, other direct expenses and capitalised borrowing costs. Net realisable value represents the estimated selling price less estimated cost of completion and costs necessary to make the sale.

#### 3.12 Financial instruments

##### (i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.12 Financial instruments (cont'd)

##### (i) Financial assets (cont'd)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Fair value through other comprehensive income ("FVOCI"):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

**FVTPL:** Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

##### *Equity instruments*

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.12 Financial instruments (cont'd)

##### (ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables, financial assets measured at amortised cost and debt instruments measured at FVOCI. ECLs are measured on either of the following bases: (1) 12-months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measured loss allowances for trade receivables using HKFRS 9 Financial Instruments ("HKFRS 9") simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets, ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on gross carrying amount.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.12 Financial instruments (cont'd)

##### (iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

##### *Financial liabilities at amortised cost*

These include accrued expenses and other payables, rental deposits received, borrowings and amounts due to non-controlling shareholders are subsequently measured at amortised cost, using effective interest method. The related interest expense is recognised in accordance with the accounting policy set out in note 3.16.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

##### (iv) Effective interest method

This is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. Effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

##### (v) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in note 3.12(ii); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15").

##### (vi) Derecognition and modification

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.12 Financial instruments (cont'd)

##### (vi) Derecognition and modification (cont'd)

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

Except for changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform in which the Group applies the practical expedient, when the contractual terms of a financial asset or financial liability are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial instrument.

For non-substantial modifications of financial assets or financial liability that do not result in derecognition, the carrying amount of the relevant financial instrument will be calculated at the present value of the modified contractual cash flows discounted at the financial instrument's original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial instrument and are amortised over the remaining term. Any adjustment to the carrying amount of the financial instrument is recognised in profit or loss at the date of modification. Substantial modifications would be accounted for as derecognition of the original financial instrument and the recognition of new financial instrument. The difference between the carrying amount of the financial instrument derecognised and the fair value of the consideration paid or payable, including any non-financial assets transferred and liabilities assumed and the new modified financial instrument, is recognised in profit or loss.

For a changes in the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required is required by the interest rate benchmark reform if the following conditions are met:

- the change is necessary a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis, i.e. the basis immediately before the change.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.12 Financial instruments (cont'd)

##### (vi) Derecognition and modification (cont'd)

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications set out above to the additional changes.

#### 3.13 Cash and cash equivalents

For the purpose of statement of cash flows presentation, cash and cash equivalents include demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value and form an integral part of the Group's cash management.

#### 3.14 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### 3.15 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium to the extent they are incremental costs directly attributable to the equity transaction.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.16 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed. Capitalisation of borrowing costs suspends when the Group suspends active development of a qualifying asset.

#### 3.17 Government grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

#### 3.18 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.18 Revenue recognition (cont'd)

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(i) *Revenue from trading of property and sale of properties under development*

Revenue arising from trading of property and sale of properties under development is recognised when control over the ownership of the property has been passed to the buyer, which is the point in time when the buyer has the ability to direct the use of the property and obtain substantially all the benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under contract liabilities.

(ii) *Rental income from operating leases*

Rental income from properties leasing under operating leases is recognised on a straight-line basis over the lease terms. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivables.

(iii) *Other revenue*

Renovation service income are recognised when the services are rendered;

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate;

Dividend income is recognised when the right to receive the dividend is established; and

Compensation income is recognised when the right to receive the compensation is established.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.19 Income tax

Income taxes for the year comprise current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Income taxes are recognised in profit or loss, except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity income in which case the taxes are also recognised directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.19 Income tax (cont'd)

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) the same taxable entities; or
  - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### 3.20 Retirement benefit costs and short term employee benefits

##### (i) *Defined contribution retirement plan*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong.

Contributions are made based on a percentage of the employees' basic salaries and recognised in profit or loss as employees render services during the year. Assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme. There are no forfeited contributions under the MPF Scheme which may be used by the Group to reduce its existing level of contributions or contributions payable in future years as at and during the year ended 30 June 2022 (2021: Nil).

##### (ii) *Short-term employee benefits*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employee up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

#### 3.21 Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees, directors, consultants, advisors, suppliers or customers of the Company and its subsidiaries.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the equity instruments awarded. Their values are appraised at the grant date and exclude the impact of any non-market vesting conditions.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.21 Share-based employee compensation (cont'd)

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in share-based payment reserve in equity. If vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates.

At the time when the share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. After vesting date, when the vested share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to retained profits.

#### 3.22 Segment reporting

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
Securities Investment and Trading Business:	Investment and trading in securities
Money Lending Business:	Provision of money lending services
Renovation Business:	Provision of renovation 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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.22 Segment reporting (cont'd)

The measurement policies the Group used for reporting segment results under HKFRS 8 Operating Segments are the same as those used in its financial statements prepared under HKFRSs, except that significant change in fair value of certain financial assets at FVTPL, reclassified from equity to profit or loss on disposals of debt instruments at FVOCI, certain interest income, dividend income, 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 certain 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.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

No asymmetrical allocations have been applied to reportable segments.

#### 3.23 Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.23 Related parties (cont'd)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### 4.1 Net realisable value of properties held for trading and properties under development

Net realisable value of properties held for trading and properties under development is the estimated selling price in the ordinary course of business, less selling expenses and estimated cost of completion. These estimates are based on the current market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. Management reassesses these estimations at the reporting date to ensure properties held for trading and under development are accounted for at the lower of cost and net realisable value.

#### 4.2 Impairment of financial assets

The Group reviews its portfolios to assess impairment at the end of each reporting period. In determining the amount of impairment that should be recorded in profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio before the decrease can be identified with an individual in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of the debtors, or both current and forecast general economic conditions. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(cont'd)*

### 4.3 Taxation

The Group is subject to various taxes in Hong Kong, UK and Japan. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such final tax liabilities determination is made.

### 4.4 Fair value of investment properties

Investment properties are carried at their fair value. The fair value of the investment properties was determined by reference to valuations conducted on these properties by the independent professional valuers using property valuation techniques which involve certain assumptions. Favourable or unfavourable changes to these assumptions may result in changes in the fair value of the Group's investment properties and corresponding adjustments to the changes in fair value reported in profit or loss and the carrying amount of these properties included in the consolidated statement of financial position.

### 4.5 Fair value of financial instruments

Fair values of financial instruments that are not quoted in active markets are determined by using various valuation techniques according to the nature of the financial instruments. These include third party price quotation, a discounted cash flow and option pricing models. These models are built by reputable system suppliers and are widely used in the market. They are reviewed and calibrated by the independent professional valuers. Management judgement and estimates are required for the selection of appropriate valuation parameters, assumptions and modelling techniques.

## 5. SEGMENT INFORMATION

The executive directors have identified the Group's five (2021: five) product and service lines as operating segments as further described in note 3.22. 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 (2021: nil).

	2022					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	-	21,844	3,870	738	-	26,452
Reportable segment profit/(loss)	7,896	(102,080)	(2,871)	702	(10)	(96,363)
Bank interest income	-	-	26	-	-	26
Depreciation	-	(3,262)	-	-	-	(3,262)
Fair value loss on investment properties	-	(110,502)	-	-	-	(110,502)
Fair value loss of debt instruments at FVTPL	-	-	(41)	-	-	(41)
Fair value loss of equity instruments at FVTPL	-	-	(842)	-	-	(842)
Fair value loss of financial instruments at FVTPL	10,451	-	(945)	-	-	9,506
Impairment on intangible assets (Write-down)/Reversal of write-down of properties held for trading	(1,181)	293	-	-	-	(888)
Income tax credit	-	989	-	-	-	989
Reportable segment assets	77,656	1,085,511	14,020	3,134	16	1,180,337
Additions to non-current assets	-	16,559	2,385	-	-	18,944
Reportable segment liabilities	36,773	62,816	20	18	27	99,654

## 5. SEGMENT INFORMATION (cont'd)

	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

## 5. 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 consolidated financial statements as follows:

	2022 HK\$'000	2021 HK\$'000
<b>Revenue</b>		
Reportable segment revenue	26,452	26,759
Consolidated revenue	26,452	26,759
<b>(Loss)/profit before income tax</b>		
Reportable segment (loss)/gain	(96,363)	57,965
Fair value gain/(loss) of debt instruments at FVTPL	9,516	(3,857)
Fair value (loss)/gain of equity instruments at FVTPL	(1)	494
Fair value loss of financial instruments at FVTPL	(35,746)	(20,315)
(Loss)/gain on disposal of debt instruments at FVOCI	(143)	194
Interest income	7,611	10,235
Dividend income	793	364
Exchange (loss)/gain, net	(8,630)	7,621
Equity-settled share-based payment	(435)	(462)
Corporate salaries and allowances	(14,733)	(13,722)
Corporate professional fees	(533)	(606)
Depreciation on corporate property, plant and equipment	(1,352)	(1,315)
Unallocated corporate income	807	1,107
Unallocated corporate expenses	(4,308)	(5,718)
Consolidated (loss)/profit before income tax	(143,517)	31,985
<b>Assets</b>		
Reportable segment assets	1,180,337	1,310,861
Property, plant and equipment	11,679	13,030
Equity instruments at FVOCI	33,097	46,535
Equity instruments at FVTPL	–	18
Financial instruments at FVTPL	358,795	338,342
Debt instruments at FVOCI	4,507	37,048
Debt instruments at FVTPL	–	20,553
Debt instrument at amortised cost	4,762	5,373
Loan receivables	6,565	172
Corporate cash and bank balances	188,138	162,829
Pledged bank deposits	164,480	201,514
Interest receivables	2,450	745
Other corporate assets	4,259	63
Consolidated total assets	1,959,069	2,137,083
<b>Liabilities</b>		
Reportable segment liabilities	99,654	123,866
Corporate bank borrowings	171,862	170,748
Other corporate liabilities	1,966	–
Consolidated total liabilities	273,482	294,614

## 5. SEGMENT INFORMATION (cont'd)

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

	Revenue from external customer		Non-current assets	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Hong Kong	22,587	23,283	919,737	996,000
United Kingdom	3,093	2,962	58,096	90,270
Japan	772	514	31,277	37,576
	<b>26,452</b>	26,759	<b>1,009,110</b>	1,123,846

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) (2021: nil) nor non-current assets were located in the Cayman Islands (2021: nil). The country of domicile is the country where the Company was incorporated.

Revenue from the major customers is as follows:

	2022 HK\$'000	2021 HK\$'000
Customer A (note)	–	3,266
Customer B (note)	4,200	4,200
Customer C (note)	3,093	N/A
Customer D (note)	2,796	N/A
	<b>10,089</b>	7,466

Note:

All were derived from the Property Investment and Trading Business.

Revenue recognition is as follows:

	Property Development Business		Property Investment and Trading Business		Renovation Business		Security Investment and Trading Business		Money Lending Business		Total	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue from leasing	–	–	21,844	21,201	–	–	–	–	–	–	21,844	21,201
Revenue from other sources	–	–	–	–	–	–	3,870	3,549	738	2,009	4,608	5,558
	–	–	<b>21,844</b>	21,201	–	–	<b>3,870</b>	3,549	<b>738</b>	2,009	<b>26,452</b>	26,759

## 6. 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:

	2022 HK\$'000	2021 HK\$'000
Revenue from other source		
Rental income from investment properties	21,844	21,201
Sale of securities	3,870	3,549
Interest income from money lending	738	2,009
	<b>26,452</b>	26,759

## 7. OTHER INCOME

	2022 HK\$'000	2021 HK\$'000
Interest income		
– bank deposits	1,729	1,753
– debt instruments at FVOCI	2,577	4,017
– debt instruments at FVTPL	1,640	2,993
– financial instruments at FVTPL	–	303
– loan receivables	1,767	3,337
Dividend income	917	364
Exchange gain, net	–	7,990
Government grant (note)	136	405
Rental income from properties held for trading	2,042	1,966
Sundry income	676	773
	<b>11,484</b>	23,901

Note:

Government grant of HK\$136,000 (2021: HK\$405,000) 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.

## 8. (LOSS)/PROFIT BEFORE INCOME TAX

	2022 HK\$'000	2021 HK\$'000
(Loss)/Profit before income tax is arrived at after (crediting)/charging the following:		
Auditor's remuneration	594	550
Depreciation		
– property, plant and equipment	1,820	1,772
– right-of-use assets included within leasehold properties	2,794	2,794
Employee costs (note 13)	18,663	19,661
Exchange loss/(gain), net	9,655	(7,990)
Fair value loss/(gain) on investment properties (note 16)	110,502	(55,133)
Impairment on intangible assets	1,431	113
Write-down/(Reversal of write-down) of properties held for trading (note 22)	888	(2,633)
Direct operating expenses arising from investment properties that		
– generated rental income during the year	2,013	2,077
– did not generate rental income during the year	465	410

## 9. FINANCE COSTS

	2022 HK\$'000	2021 HK\$'000
Interests on bank loans which include those with a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements	2,360	2,829

## 10. INCOME TAX CREDIT

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying group entities in Hong Kong is taxed at 8.25%, and profits above HK\$2 million is taxed at 16.5%. Profits of the group entities in Hong Kong that are not qualifying for the two-tiered profits tax rate regime continue to be taxed at a flat rate of 16.5%.

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

Income tax credit in the consolidated income statement is as follows:

	2022 HK\$'000	2021 HK\$'000
<b>Current tax – Hong Kong</b>		
Over-provision in respect of prior years	(35)	–
<b>Current tax – Overseas</b>		
Provision for the year	–	1,018
Over-provision in respect of prior years	(954)	(297)
	(954)	721
<b>Deferred tax</b> (note 30)	–	(4,823)
<b>Total income tax credit</b>	<b>(989)</b>	<b>(4,102)</b>

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

	2022 HK\$'000	2021 HK\$'000
(Loss)/Profit before income tax	<b>(143,517)</b>	31,985
Notional tax on profit or loss before income tax, calculated at the rates applicable to profits in the countries concerned	<b>(24,693)</b>	5,227
Tax effect of non-deductible expenses	<b>29,436</b>	2,042
Tax effect of non-taxable revenue	<b>(6,952)</b>	(15,437)
Tax effect of deductible temporary difference not recognised	<b>(1,352)</b>	1,956
Tax effect of unused tax losses not recognised	<b>3,561</b>	2,407
Over-provision in prior years	<b>(989)</b>	(297)
Income tax credit	<b>(989)</b>	<b>(4,102)</b>

## 11. DIVIDENDS

For the years ended 30 June 2022 and 2021, the directors do not recommend the payment of a final dividend.

## 12. (LOSS)/EARNINGS PER SHARE

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

	2022 HK\$'000	2021 HK\$'000
(Loss)/Profit for year attributable to owners of the Company	<b>(144,050)</b>	36,139

	Number of shares	
	2022 '000	2021 '000
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<b>560,813</b>	559,300
Effect of dilutive potential ordinary shares in respect of share options issued by the Company	–	1,902
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<b>560,813</b>	561,202

The computation of diluted loss per share for the year ended 30 June 2022 does not include the share options as the assumed exercise of these share options has an anti-dilutive effect.

## 13. EMPLOYEE COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2022 HK\$'000	2021 HK\$'000
Salaries, allowances and benefits in kind	<b>17,389</b>	15,776
Staff bonus	<b>529</b>	3,169
Equity-settled share-based payments (note 32)	<b>435</b>	462
Pension costs – defined contribution plans	<b>310</b>	254
	<b>18,663</b>	19,661

## 14. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

### (a) Directors' emoluments

The emoluments paid/payable to the directors were as follows:

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Bonus HK\$'000	Equity- settled share-based payments HK\$'000	Pension cost – defined contribution plans HK\$'000	Total HK\$'000
<b>Year ended 30 June 2022</b>						
<b>Executive directors</b>						
Mr. Pong Wai San Wilson	6,474	–	529	399	18	7,420
Mr. Lee Wing Yin	1,290	–	–	36	18	1,344
<b>Non-executive director</b>						
Mr. Lai Hin Wing Henry	121	–	–	–	–	121
<b>Independent non-executive directors</b>						
Mr. Koo Fook Sun Louis	121	–	–	–	–	121
Mr. Lung Hung Cheuk	121	–	–	–	–	121
Ms. Yeung Wing Yan Wendy	121	–	–	–	–	121
	<b>8,248</b>	<b>–</b>	<b>529</b>	<b>435</b>	<b>36</b>	<b>9,248</b>
<b>Year ended 30 June 2021</b>						
<b>Executive directors</b>						
Mr. Pong Wai San Wilson	6,348	–	3,169	424	18	9,959
Mr. Lee Wing Yin	1,405	–	–	38	18	1,461
<b>Non-executive director</b>						
Mr. Lai Hin Wing Henry	121	–	–	–	–	121
<b>Independent non-executive directors</b>						
Mr. Koo Fook Sun Louis	121	–	–	–	–	121
Mr. Lung Hung Cheuk	121	–	–	–	–	121
Ms. Yeung Wing Yan Wendy	121	–	–	–	–	121
	<b>8,237</b>	<b>–</b>	<b>3,169</b>	<b>462</b>	<b>36</b>	<b>11,904</b>

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2021: nil).

#### 14. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (cont'd)

##### (b) Five highest paid individuals

Of the five individuals whose emoluments were the highest in the Group for the year ended 30 June 2022, two (2021: two) are directors whose emoluments are reflected in the analysis presented above. The emoluments paid/payable to the remaining three (2021: three) individuals for the years ended 30 June 2022 and 2021 are as follows:

	2022 HK\$'000	2021 HK\$'000
Salaries, allowances and benefits in kind	2,340	2,860
Pension costs – defined contribution plans	54	54
	<b>2,394</b>	2,914

Their emoluments fell within the following band:

	Number of individuals	
	2022	2021
Emolument band Nil to HK\$1,000,000	3	3

During the years ended 30 June 2022 and 2021, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office.

There was no arrangement under which any of the five highest paid employees waived or agreed to waive any remuneration during the year (2021: nil).

## 15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Leasehold improvements HK\$'000	Art work HK\$'000	Total HK\$'000
At 1 July 2020						
Cost	87,600	448	3,280	15,691	3,572	110,591
Accumulated depreciation	(5,256)	(448)	(2,378)	(5,163)	–	(13,245)
Net carrying amount	82,344	–	902	10,528	3,572	97,346
Year ended 30 June 2021						
Opening net book amount	82,344	–	902	10,528	3,572	97,346
Additions	–	246	332	–	–	578
Transferred from investment properties (note 16)	52,100	–	–	–	–	52,100
Depreciation	(2,794)	(12)	(458)	(1,302)	–	(4,566)
Closing net book amount	131,650	234	776	9,226	3,572	145,458
At 30 June 2021 and 1 July 2021						
Cost	139,700	694	3,612	15,691	3,572	163,269
Accumulated depreciation	(8,050)	(460)	(2,836)	(6,465)	–	(17,811)
Net carrying amount	131,650	234	776	9,226	3,572	145,458
<b>Year ended 30 June 2022</b>						
Opening net book amount	<b>131,650</b>	<b>234</b>	<b>776</b>	<b>9,226</b>	<b>3,572</b>	<b>145,458</b>
Depreciation	<b>(2,794)</b>	<b>(49)</b>	<b>(469)</b>	<b>(1,302)</b>	<b>–</b>	<b>(4,614)</b>
<b>Closing net book amount</b>	<b>128,856</b>	<b>185</b>	<b>307</b>	<b>7,924</b>	<b>3,572</b>	<b>140,844</b>
<b>At 30 June 2022</b>						
Cost	<b>139,700</b>	<b>694</b>	<b>3,612</b>	<b>15,691</b>	<b>3,572</b>	<b>163,269</b>
Accumulated depreciation	<b>(10,844)</b>	<b>(509)</b>	<b>(3,305)</b>	<b>(7,767)</b>	<b>–</b>	<b>(22,425)</b>
<b>Net carrying amount</b>	<b>128,856</b>	<b>185</b>	<b>307</b>	<b>7,924</b>	<b>3,572</b>	<b>140,844</b>

As at 30 June 2022, the Group's leasehold properties and certain investment properties (note 16) with net carrying amount of HK\$128,856,000 (2021: HK\$131,650,000) and HK\$414,496,000 (2021: HK\$513,771,000) respectively were pledged to secure bank loans of HK\$48,769,000 (2021: HK\$63,957,000) (note 28).

## 15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

### Right-of-use assets

The analysis of the net carrying amount of right-of-use assets by class of underlying asset is as follows:

	2022 HK\$'000	2021 HK\$'000
Ownership interest in leasehold properties in Hong Kong held for own use, carried at depreciated cost, with remaining lease term of 50 years or more	128,856	131,650

The analysis of expense item in relation to leases is as follows:

	2022 HK\$'000	2021 HK\$'000
Depreciation charge of leasehold properties	2,794	2,794

The Group holds a commercial building as its headquarter. The Group is the registered owner of the property interest, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire this property interest from its previous registered owner, and there is no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authority. These payments vary from time to time and are payable to the relevant government authority.

## 16. INVESTMENT PROPERTIES

	2022 HK\$'000	2021 HK\$'000
<b>Fair value:</b>		
At the beginning of the year	976,946	964,449
Additions	16,559	114
Transferred to property, plant and equipment (note 15)	–	(52,100)
Change in fair value	(110,502)	55,133
Exchange difference	(17,130)	9,350
At the end of the year	865,873	976,946

## 16. INVESTMENT PROPERTIES (cont'd)

Analysis of carrying amount of investment properties is as follows:

	2022 HK\$'000	2021 HK\$'000
In Hong Kong		
– 10 to 50 years (medium leases)	147,800	142,500
– Over 50 years (long leases)	628,700	706,600
	<b>776,500</b>	849,100
In Japan		
– Freehold	31,277	37,576
In United Kingdom		
– Freehold	58,096	90,270
	<b>865,873</b>	976,946

The Group holds investment properties to lease out under operating leases (see note 33). The Group is the registered owner of the property interests of these investment properties. There are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

The fair value of the Group's investment properties at 30 June 2022 has been arrived at on market value basis carried out by the independent professional valuer, Ascent Partners Valuation Service Limited who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. Fair values as at 30 June 2022 are determined using direct comparison approach. The comparison is made based on prices realised on actual sales of comparable properties. Comparable properties with similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

Significant unobservable inputs	Range
Quality of properties	–58% to 5% (2021: –58% to 25%)

The higher the differences in the quality of the Group's properties and the comparable properties would result in corresponding higher or lower fair value.

The fair value of all the investment properties is a level 3 recurring fair value measurement. During the year, there were no transfers between level 1 and level 2, and no transfers into or out of level 3.

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

## 17. INTANGIBLE ASSETS

	Cryptocurrencies	
	2022 HK\$'000	2021 HK\$'000
At 1 July		
Cost	1,555	–
Accumulated impairment	(113)	–
Net carry amount	1,442	–
<b>Year ended 30 June</b>		
Opening net book amount	1,442	–
Additions	2,385	1,555
Disposals	(3)	–
Impairment	(1,431)	(113)
<b>Closing net book amount</b>	<b>2,393</b>	1,442
<b>At 30 June</b>		
Cost	3,937	1,555
Accumulated impairment	(1,544)	(113)
<b>Net carry amount</b>	<b>2,393</b>	1,442
<b>Representing:</b>		
Bitcoins (“BTC”)	308	273
Ethers (“ETC”)	480	354
USD Coin (“USDC”)	1,605	815
	<b>2,393</b>	1,442

As at 30 June 2022, the Group estimated the recoverable amounts of intangible assets held by the Group, in form of cryptocurrencies, which were determined based on their estimated fair values arrived at using available information for the reference prices in the relevant cryptocurrencies markets. The recoverable amounts were categorised under level 1 fair value hierarchy as the fair values were based on a quoted (unadjusted) market price in active markets for identical assets. At 30 June 2022, the recoverable amount of intangible assets was HK\$2,393,000 (2021: HK\$1,442,000). Impairment on intangible assets amounted to HK\$1,431,000 (2021: HK\$113,000) was recognised in profit or loss for the year.

## 18. SUBSIDIARIES

The directors of the Company are of the opinion that a complete list of the particulars of all the subsidiaries is of excessive length and therefore the following list contains only the particulars of the subsidiaries which materially affect the results or assets of the Group. Details of principal subsidiaries as at 30 June 2022 are as follows:

	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital	Percentage of ownership interests/ voting rights/profit share				Principal activities
			Directly		Indirectly		
			2022	2021	2022	2021	
World Fair Global Limited	British Virgin Islands ("BVI")	Ordinary, United States dollars ("US\$") 1	100	100	-	-	Investment holding
Alpha Easy Limited	BVI	Ordinary, US\$1	100	100	-	-	Investment holding
Achiever Connect Limited	BVI	Ordinary, US\$1	-	-	100	100	Property investment
Baronesa Limited	BVI	Ordinary, US\$1	-	-	100	100	Property investment
Brilliant Icon Limited	BVI	Ordinary, US\$100	-	-	100	51	Property investment
Celestial Tower Limited	BVI	Ordinary, US\$1	-	-	100	100	Property investment
Clear Access Global Limited	BVI	Ordinary, US\$1	-	-	100	100	Property investment
Costal Talent Limited	BVI	Ordinary, US\$1	-	-	100	100	Property investment
Double Achiever Limited	BVI	Ordinary, US\$1	-	-	100	100	Property investment
Flexwood Limited	BVI	Ordinary, US\$1	-	-	100	100	Property investment
Formal Focus Limited	BVI	Ordinary, US\$1	-	-	100	100	Property investment
Just Central Limited	BVI	Ordinary, US\$1	-	-	100	100	Property investment
Monilea Limited	BVI	Ordinary, US\$1	-	-	100	100	Property investment
Next Excel Limited	BVI	Ordinary, US\$1	-	-	100	100	Property investment
Wealth Tool Limited	BVI	Ordinary, US\$1	-	-	100	100	Property investment
Time Traveller Limited	BVI	Ordinary, US\$1	-	-	100	100	Property investment
Record Champion Limited	BVI	Ordinary, US\$1	-	-	100	100	Property trading
Virtus Architects Limited	HK	Ordinary, HK\$1	-	-	100	100	Provision of renovation services
Moseley No50 Ltd	UK	Ordinary, British Pounds ("GBP") 1	-	-	87.5	87.5	Property development
Luck Wise Investment Limited	HK	Ordinary, HK\$1	-	-	100	100	Security investment and trading
Fast Luck Finance Limited	HK	Ordinary, HK\$1	-	-	100	100	Money lending

## 19. INTERESTS IN ASSOCIATE

Particulars of associate as at 30 June 2022 are as follows:

Name of associate	Particular of issued and paid up share capital	Place of incorporation and operations	Form of business structure	Percentage of ownership interests/ voting rights/ profit share	Principal activities
Gora Holdings Limited	10 ordinary shares of US\$1 each (2021: 10 ordinary shares)	BVI	Incorporated	30%	Investment holding

The associate adopts its financial year end dates on 31 December.

The aggregated amounts of financial information as extracted from the financial statements of associate for the year ended 30 June 2022 and 2021 are as follows:

	2022 HK\$'000	2021 HK\$'000
Current assets	–	–
Non-current assets	–	–
Current liabilities	479	415
Revenue	–	–
Loss for the year	–	–

## 19. INTERESTS IN ASSOCIATE (cont'd)

The Group has discontinued the recognition of its share of losses of associate because the share of losses of the associate had exceeded the Group's interests in it and the Group did not incur legal or constructive obligations or made payments on behalf of the associate. The amounts of unrecognised share of the associate, extracted from the financial statements of associate, both for the years ended 30 June 2022 and 2021 and cumulatively, are as follows:

	2022 HK\$'000	2021 HK\$'000
Unrecognised share of loss of associate for the year	(19)	(5)
Accumulated unrecognised share of loss of associate	(42)	(23)

## 20. LOAN RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Loan receivables	6,565	17,487
Reconciliation to the consolidated statement of financial position:		
Non-current	6,565	172
Current	–	17,315
	6,565	17,487

Notes:

- (a) The balances are interest-bearing at 3.33% to 8.00% (2021: 3.33% to 9.25%) per annum and are repayable in 2025 respectively. Except for loan receivables of HK\$125,000 (2021: HK\$172,000), loan receivables of HK\$6,440,000 (2021: HK\$17,315,000) are unsecured (2021: borrowers' properties).
- (b) The balances are neither past due nor impaired. Management believes that no impairment is necessary having regard to the creditworthiness of the borrowers and the values of the collaterals.
- (c) As at 30 June 2021, loan receivables of approximate HK\$17,315,000 are assets under money lending business.

## 21. OTHER FINANCIAL ASSETS

	Measured at FVOCI		Measured at FVTPL		Measured at amortised cost	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>Non-current</b>						
Equity instruments (note)						
– Listed in Hong Kong *	3,684	12,890	–	–	–	–
– Listed outside Hong Kong *	29,413	33,645	–	–	–	–
	33,097	46,535	–	–	–	–
Financial instruments						
– Unlisted in Hong Kong ^	–	–	38,540	28,088	–	–
– Unlisted outside Hong Kong ^	–	–	86,296	112,651	–	–
– Unlisted investment funds #	–	–	277,535	225,691	–	–
	–	–	402,371	366,430	–	–
Debt instruments						
– Listed in Hong Kong *	4,507	25,446	–	–	–	–
– Listed outside Hong Kong *	–	–	–	–	–	–
– Unlisted outside Hong Kong @	–	–	–	–	–	5,373
	4,507	25,446	–	–	–	5,373
	37,604	71,981	402,371	366,430	–	5,373
<b>Current</b>						
Equity instruments						
– Listed in Hong Kong *	–	–	11	2,263	–	–
– Listed outside Hong Kong *	–	–	15	19	–	–
	–	–	26	2,282	–	–
Debt instruments						
– Listed in Hong Kong *	5,194	11,602	–	–	–	–
– Listed outside Hong Kong *	–	–	–	3,925	–	–
– Unlisted outside Hong Kong @	–	–	–	20,553	4,762	–
	5,194	11,602	–	24,478	4,762	–
	5,194	11,602	26	26,760	4,762	–

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

- \* These financial assets are measured at fair value which has been determined directly by reference to published price and quotations in active markets (2021: 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 (2021: same).
- # Among these financial assets, amount of HK\$75,586,000 (2021: HK\$82,957,000) is measured at fair value which has been determined directly by reference to published price and quotations in markets that are not active and amount of HK\$201,949,000 (2021: HK\$142,734,000) 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 (2021: same).
- ⊙ Amount of HK\$nil (2021: HK\$20,553,000) is measured at fair value which has been determined by discounted cash flow method and amount of HK\$4,762,000 (2021: HK\$5,373,000) 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	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Net carrying amount at beginning of the year	46,535	32,665	2,282	-	366,430	328,559	37,048	70,593	24,478	30,852	5,373	4,768
Additions	36,873	13,194	1,885	4,597	97,583	105,191	3,364	24,365	-	2,579	-	-
Disposals	(43,463)	(8,298)	(3,294)	(2,822)	(27,204)	(43,845)	(20,226)	(57,691)	(33,508)	(7,299)	-	-
Changes in fair value (debited)/ credited to profit or loss	-	-	(843)	507	(26,240)	(30,424)	-	-	9,475	(4,115)	-	-
Changes in fair value credited/ (debited) to other comprehensive income	(6,567)	8,974	-	-	-	-	(10,485)	(219)	-	-	-	-
Exchange difference	(281)	-	(4)	-	(8,198)	6,949	-	-	(445)	2,461	(611)	605
Net carrying amount at end of the year	33,097	46,535	26	2,282	402,371	366,430	9,701	37,048	-	24,478	4,762	5,373

As at 30 June 2022 and 2021, debt instruments measured at FVOCI and debt instrument measured at amortised cost were determined to be impaired in accordance with the policy set out in note 3.12(ii). As at 30 June 2022 and 2021, no debt instruments measured at FVOCI and debt instrument measured at amortised cost were impaired.

## 22. PROPERTIES HELD FOR TRADING

	2022 HK\$'000	2021 HK\$'000
In Hong Kong		
– 10 to 50 years (medium leases)	67,665	67,373
In United Kingdom		
– Freehold	38,820	–
	<b>106,485</b>	67,373

The recoverable amount of properties is assessed at the end of each reporting period with reference to valuations undertaken by an external valuer, Ascent Partners Valuation Service Limited. Such valuations assess the net realisable value of each asset. At 30 June 2022, the net realisable value of properties held for trading was HK\$106,485,000 (2021: HK\$67,373,000). Write-down of properties held for trading amounted to HK\$888,000 (2021: reversal of write-down of HK\$2,633,000) was recognised in profit or loss for the year. This reversal arose due to an increase in the estimated net realisable value of properties held for trading as a result of a change in consumer preferences.

## 23. PROPERTIES UNDER DEVELOPMENT

Properties under development are under freehold and located in UK.

	2022 HK\$'000	2021 HK\$'000
<b>At cost:</b>		
At the beginning of the year	37,521	24,420
Additions	4,927	13,102
Transfer to properties held for trading	(40,000)	–
Exchange realignment	(2,448)	(1)
At the end of the year	–	37,521

## 24. TRADE RECEIVABLES

The Group generally allowed a credit period of 1 month (2021: 1 month) to its trade customers.

Based on the invoice dates, all trade receivables as at 30 June 2022 and 2021 were aged within 90 days.

All trade receivables are subject to credit risk exposure. Impairment on trade receivables is recognised based on the accounting policy stated in note 3.12(ii) for the years ended 30 June 2022 and 2021 respectively.

Based on the due dates, no trade receivables as at 30 June 2022 and 2021 was past due nor impaired.

As at 30 June 2022, there was no amount denominated in a currency other than the functional currency of the entity to which they relate (2021: 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.



## 25. CASH AND BANK BALANCES

	2022 HK\$'000	2021 HK\$'000
Cash and bank balances	77,801	83,240
Time deposits	134,763	99,939
Total cash and bank balances as stated in the consolidated statement of financial position	212,564	183,179
Time deposits with an original maturity of more than three months	(134,763)	–
Cash and cash equivalents for the presentation of the consolidated statement of cash flows	77,801	183,179

Cash at banks earn interest at rates of up to 0.28% (2021: 0.27%) per annum based on the daily bank deposits rates. Time deposits earn interest at rates of 1.80% to 2.80% (2021: 0.40% to 0.60%) per annum and are eligible for immediate cancellation without receiving any interest for the last deposit period.

Included in cash and bank balances is an aggregate amount of HK\$53,000 (2021: HK\$53,000) of bank balances denominated in Renminbi (“RMB”) placed with the banks in Hong Kong. RMB is not a freely convertible currency.

The directors of the Company consider that the fair values of short-term deposits are not materially different from their carrying amounts because of the short maturity period on their inception.

## 26. PLEDGED BANK DEPOSITS

These bank deposits were pledged to secure bank loans of HK\$136,369,000 (2021: HK\$170,750,000) (note 28).

## 27. ACCRUED EXPENSES, OTHER PAYABLES AND DEPOSITS RECEIVED

	2022 HK\$'000	2021 HK\$'000
<b>Current liabilities</b>		
Accrued expenses and other payables	15,212	4,210
Rental deposits received	3,850	6,600
Rental receipt in advance	955	850
	20,017	11,660
<b>Non-current liabilities</b>		
Rental deposits received	1,929	–

## 28. BORROWINGS

	2022 HK\$'000	2021 HK\$'000
<b>Current</b>		
Bank loans, secured	219,275	222,671
<b>Non-current</b>		
Bank loans, secured	1,357	12,036
	<b>220,632</b>	234,707

As at the reporting dates, the Group's bank loans, based on the schedule repayment dates set out in the bank loan agreements and ignored the effect of any repayment on demand clause, are as follows:

	2022 HK\$'000	2021 HK\$'000
Within one year or on demand	174,272	175,726
In the second year	2,431	11,013
In the third to fifth years, inclusive	6,978	9,087
Beyond five years	36,951	38,881
	<b>220,632</b>	234,707

All bank loans as at 30 June 2022 were secured by guarantees provided by the Company and the pledge of leasehold properties (note 15) with net carrying amount of HK\$128,856,000 (2021: HK\$131,650,000), certain investment properties (note 16) with net carrying amount of HK\$414,496,000 (2021: HK\$513,771,000), financial instruments at FVTPL (note 21) with carrying amount of HK\$33,044,000 (2021: nil) and pledged bank deposits (note 26) of HK\$164,480,000 (2021: HK\$201,514,000).

As disclosed in note 2.1, the Group has adopted Interest Rate Benchmark Reform – Phase 2 (Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9, and HKFRS 16) during the year. Applying the practical expedient introduced by the amendments, when the benchmarks affecting the Group's loans are replaced, the adjustments to the contractual cash flows will be reflected as an adjustment to the effective interest rate. Therefore, the replacement of the loans' benchmark interest rate will not result in an immediate gain or loss recorded in profit or loss, which may have been required if the practical expedient was not available or adopted.

During the year, effective interest rates of the Group's borrowings were ranged between 0.60% to 2.6% (2021: 0.60% to 3.20%) per annum.

## 29. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

Amounts due to non-controlling shareholders are unsecured, interest-free and repayable on demand.

## 30. DEFERRED TAX

Details of the deferred tax liabilities and (assets) recognised are as follows:

	Revaluation of properties HK\$'000	Accelerated tax allowances HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 July 2020	7,099	2,900	(1)	9,998
Credited/(Debited) to profit or loss	(7,099)	3,382	(1,106)	(4,823)
<b>At 30 June 2021, 1 July 2021 and 30 June 2022</b>	<b>–</b>	<b>6,282</b>	<b>(1,107)</b>	<b>5,175</b>

For the purpose of presentation in consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2022 HK\$'000	2021 HK\$'000
Deferred tax liabilities	5,175	5,175

At the end of reporting period, no provision for deferred taxation has been recognised in respect of the tax losses of HK\$130,048,000 (2021: HK\$108,470,000) as these tax losses are subject to the final agreement with the Inland Revenue Department and there is the unpredictability of future profit streams against which the tax losses can be utilised. The tax losses do not expire under current tax legislation. In addition, the temporary difference arising from the excess of depreciation charged in the financial statements over depreciation allowance claimed for tax purpose is of HK\$778,000 was not recognised as at 30 June 2022 (2021: HK\$655,000) due to the unpredictability of future profit streams against which this temporary difference can be utilised.

### 31. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares		
Authorised:		
At 1 July 2020 (HK\$0.01 each)	10,000,000	100,000
Share Consolidation (note ii)	(9,000,000)	–
At 30 June 2021 and 1 July 2021 (HK\$0.10 each)	1,000,000	100,000
<b>At 30 June 2022 (HK\$0.10 each)</b>	<b>1,000,000</b>	<b>100,000</b>
Issued and fully paid:		
At 1 July 2020 (HK\$0.01 each)	5,548,126	55,481
Shares issued upon exercise of share options (note i)	60,000	600
Share Consolidation (note ii)	(5,047,313)	–
<b>At 30 June 2021, 1 July 2021 and 30 June 2022 (HK\$0.10 each)</b>	<b>560,813</b>	<b>56,081</b>

Notes:

- (i) 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.
- (ii) On 4 May 2021, every ten issued and unissued ordinary shares were consolidated into one share of the Company 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.
- (iii) On 24 June 2022, the directors of the Company exercised 6,100,000 share options (note 32) to convert to ordinary shares of HK\$0.10 each at a price of HK\$0.306 per share. The shares were subsequently issued on 7 July 2022 and were not reflected in the Company's share capital at the end of the reporting period.

### 32. SHARE-BASED PAYMENTS

The Company adopted a new share option scheme (the "2021 Share Option Scheme") at the annual general meeting held on 26 November 2021 (the "2021 AGM").

The principal terms of the 2021 Share Option Scheme are set out as follows:

The 2021 Share Option Scheme shall be valid and effective for a period of ten years commencing on 26 November 2021. The purpose of the 2021 Share Option Scheme is to enable the Company to grant options to the selected persons as incentives or rewards for their contribution to the Company and its subsidiaries.

Eligible participants of the 2021 Share Option Scheme include any employees, non-executive directors (including any independent non-executive directors) of the Company and any of its subsidiaries.

### 32. SHARE-BASED PAYMENTS (cont'd)

Total number of shares in respect of which options may be granted under the 2021 Share Option Scheme and any other share option schemes of the Company, is not exceeding 10% of the total number of shares in issue on 26 November 2021 or at the renewal of such limit. Under the 2021 Share Option Scheme, the Company may obtain an approval from its shareholders to refresh the above mentioned 10% limit.

Notwithstanding anything hereinbefore contained and subject to the maximum entitlement of each participant hereinafter mentioned, the overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2021 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of the Options granted and to be granted to each participant or grantee (including exercised, cancelled and outstanding Options) in any 12-month period up to and including the relevant offer date shall not exceed 1% of the Shares in issue for the time being (the "Individual Limited"). Any further grant of options in excess of the Individual Limit must be subject to Shareholders' approval at general meeting with such participant or grantee and his or her Close Associates (or his or her Associates if the participants is a Connected Person) abstaining from voting.

An offer shall be deemed to have been accepted and the Option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate letter comprising acceptance of the offer duly signed by the grantee with the number of shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company. The exercise period of the share options granted shall be determined by the Board and notified to each grantee and in any event the period shall not be more than ten years from the commencement date. The exercise price of the share options shall be a price determined by the Board at its absolute discretion and notified to a participant and shall be no less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotation sheet issued by the Stock Exchange on the offer date; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the offer date; and (iii) the nominal value of the shares of the Company on the offer date.

### 32. SHARE-BASED PAYMENTS (cont'd)

The following shows the outstanding position of the share options granted under the share option schemes as at 30 June 2022:

Name or category of grantees	Number of share options				Date of grant of share options	Exercise Period (note a)	Exercise price (HK\$) (note b)	Adjusted exercise price (HK\$) (note b)
	At 1 July 2021	Exercised during the year	Granted during the year	At 30 June 2022				
<b>Directors</b>								
Pong Wai San Wilson	2,260,000	-	-	2,260,000	3 June 2014	Period 1	0.221	2.21
	2,640,000	-	-	2,640,000	17 May 2016	Period 2	0.189	1.89
	4,130,000	-	-	4,130,000	26 November 2018	Period 3	0.121	1.21
	5,600,000	(5,600,000)	-	-	25 June 2021	Period 6	0.306	N/A
	-	-	5,600,000	5,600,000	29 June 2022	Period 7	0.330	N/A
Lee Wing Yin	100,000	-	-	100,000	3 June 2014	Period 1	0.221	2.21
	2,718,000	-	-	2,718,000	17 May 2016	Period 2	0.189	1.89
	500,000	-	-	500,000	26 November 2018	Period 3	0.121	1.21
	500,000	(500,000)	-	-	25 June 2021	Period 6	0.306	N/A
	-	-	500,000	500,000	29 June 2022	Period 7	0.330	N/A
Koo Fook Sun Louis	100,000	-	-	100,000	26 November 2018	Period 3	0.121	1.21
	100,000	-	-	100,000	28 April 2020	Period 5	0.048	0.48
Lung Hung Cheuk	100,000	-	-	100,000	26 November 2018	Period 3	0.121	1.21
	100,000	-	-	100,000	28 April 2020	Period 5	0.048	0.48
Yeung Wing Yan Wendy	100,000	-	-	100,000	26 November 2018	Period 3	0.121	1.21
	100,000	-	-	100,000	28 April 2020	Period 5	0.048	0.48
Lai Hin Wing, Henry	100,000	-	-	100,000	26 November 2018	Period 3	0.121	1.21
	100,000	-	-	100,000	28 April 2020	Period 5	0.048	0.48
	19,248,000	(6,100,000)	6,100,000	19,248,000				

### 32. SHARE-BASED PAYMENTS (cont'd)

The following shows the outstanding position of the share options granted under the share option schemes as at 30 June 2021:

Name or category of grantees	Number of share options				At 30 June 2021	Date of grant of share options	Exercise Period (note a)	Exercise price (HK\$) (note b)	Adjusted exercise price (HK\$) (note b)
	At 1 July 2020	Exercised during the year	Granted during the year	Adjustments due to Share Consolidation during the year					
<b>Directors</b>									
Pong Wai San Wilson	22,600,000	-	-	(20,340,000)	2,260,000	3 June 2014	Period 1	0.221	2.21
	26,400,000	-	-	(23,760,000)	2,640,000	17 May 2016	Period 2	0.189	1.89
	41,300,000	-	-	(37,170,000)	4,130,000	26 November 2018	Period 3	0.121	1.21
	55,000,000	(55,000,000)	-	-	-	28 April 2020	Period 4	0.048	0.48
	-	-	5,600,000	-	5,600,000	25 June 2021	Period 6	0.306	N/A
Lee Wing Yin	1,000,000	-	-	(900,000)	100,000	3 June 2014	Period 1	0.221	2.21
	27,180,000	-	-	(24,462,000)	2,718,000	17 May 2016	Period 2	0.189	1.89
	5,000,000	-	-	(4,500,000)	500,000	26 November 2018	Period 3	0.121	1.21
	5,000,000	(5,000,000)	-	-	-	28 April 2020	Period 5	0.048	0.48
	-	-	500,000	-	500,000	25 June 2021	Period 6	0.306	N/A
Koo Fook Sun Louis	1,000,000	-	-	(900,000)	100,000	26 November 2018	Period 3	0.121	1.21
	1,000,000	-	-	(900,000)	100,000	28 April 2020	Period 5	0.048	0.48
Lung Hung Cheuk	1,000,000	-	-	(900,000)	100,000	26 November 2018	Period 3	0.121	1.21
	1,000,000	-	-	(900,000)	100,000	28 April 2020	Period 5	0.048	0.48
Yeung Wing Yan Wendy	1,000,000	-	-	(900,000)	100,000	26 November 2018	Period 3	0.121	1.21
	1,000,000	-	-	(900,000)	100,000	28 April 2020	Period 5	0.048	0.48
Lai Hin Wing, Henry	1,000,000	-	-	(900,000)	100,000	26 November 2018	Period 3	0.121	1.21
	1,000,000	-	-	(900,000)	100,000	28 April 2020	Period 5	0.048	0.48
	191,480,000	(60,000,000)	6,100,000	(118,332,000)	19,248,000				

## 32. SHARE-BASED PAYMENTS (cont'd)

Notes:

- (a) The vesting date of the share options for Periods 1, 2, 3, 4, 5, 6 and 7 is the date of grant.

Exercise Period 1: 3 June 2014 to 2 June 2024  
Exercise Period 2: 17 May 2016 to 16 May 2026  
Exercise Period 3: 26 November 2018 to 25 November 2028  
Exercise Period 4: 28 April 2020 to 27 October 2020  
Exercise Period 5: 28 April 2020 to 27 April 2025  
Exercise Period 6: 25 June 2021 to 24 June 2022  
Exercise Period 7: 29 June 2022 to 28 June 2023

- (b) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

In 2021, adjustment is made for Share Consolidation.

- (c) The weighted average exercise prices of share options are set out below:

	2022		2021	
	HK\$	Number of shares	HK\$	Number of shares
At beginning of the year	1.220	19,248,000	0.128	191,480,000
Exercised during the year *	0.306	(6,100,000)	0.048	(60,000,000)
Share consolidation during the year	–	–	–	(118,332,000)
Granted during the year	0.330	6,100,000	0.306	6,100,000
At end of the year	1.228	19,248,000	1.220	19,248,000

\* On 24 June 2022, 6,100,000 share options were exercised but the shares were subsequently issued on 7 July 2022 (note 31(iii)).

- (d) The weighted average remaining contractual life of the share options outstanding at 30 June 2022 was approximately 4.05 years (2021: 3.74 years).

The fair values of share options granted were determined using Binomial Option Pricing Model that takes into account factors specific to the share incentive plans. The following principal assumptions were used in the valuation:

	Share options granted on 29 June 2022
Share price at date of grant	HK\$0.330
Expected volatility *	54.79%
Risk-free interest rate	1.69%
Average dividend yield	0.25%
Expected life of option	1 year
Fair value at date of grant	HK\$0.071
Exercise price	HK\$0.330

\* The underlying expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No special features pertinent to the options granted were incorporated into measurement of fair value.

For the year ended 30 June 2022, the fair value of the options granted was HK\$435,000 (2021: HK\$462,000) in aggregate, which was recognised as equity-settled share-based payments in the consolidated income statement. The corresponding amount has been credited to the share-based payment reserve.

At 30 June 2022, the Company had 19,248,000 (2021: 19,248,000) share options outstanding under the share option schemes, which represented approximately 3.40% (2021: 3.43%) of the Company's shares in issue at that date. All these options were exercisable at 30 June 2022 and 2021.

### 33. OPERATING LEASE COMMITMENTS

#### As lessor

At 30 June 2022, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	2022 HK\$'000	2021 HK\$'000
Within one year	18,994	23,377
In the second year	10,075	13,039
In the third year	4,084	6,286
In the fourth year	3,125	3,342
In the fifth year	279	2,770
Beyond five years	2,848	–
	<b>39,405</b>	48,814

The Group leases its properties under operating lease arrangements which run for an initial period of one to fifteen years (2021: one to fifteen 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.

### 34. CAPITAL COMMITMENTS

	2022 HK\$'000	2021 HK\$'000
Contracted but not provided for:		
Financial instruments at FVTPL	57,007	53,935
Properties under development	–	2,203
Properties held for trading	21,250	25,387
	<b>78,257</b>	81,525

### 35. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Borrowings (note 28) HK\$'000	Amounts due to non-controlling shareholders (note 29) HK\$'000
At 1 July 2020	208,619	17,795
Changes from financing cash flows:		
New bank borrowings raised	50,426	–
Repayments of borrowings	(36,773)	–
<b>Total changes from financing cash flows</b>	<b>13,653</b>	<b>–</b>
Exchange adjustments	12,435	436
Other changes:		
Interest expenses	2,829	–
Interest paid	(2,829)	–
<b>Total other changes</b>	<b>–</b>	<b>–</b>
<b>At 30 June 2021 and 1 July 2021</b>	<b>234,707</b>	<b>18,231</b>
Changes from financing cash flows:		
New bank borrowings raised	<b>50,462</b>	–
Repayments of borrowings	<b>(44,975)</b>	–
Advances from non-controlling shareholders	–	<b>211</b>
Repayments of amounts due to non-controlling shareholders	–	<b>(16,009)</b>
<b>Total changes from financing cash flows</b>	<b>5,487</b>	<b>(15,798)</b>
Exchange adjustments	<b>(20,730)</b>	<b>(273)</b>
Other changes:		
Interest expenses	<b>2,360</b>	–
Interest paid	<b>(1,192)</b>	–
<b>Total other changes</b>	<b>1,168</b>	<b>–</b>
<b>At 30 June 2022</b>	<b>220,632</b>	<b>2,160</b>

### 36. FINANCIAL GUARANTEE CONTRACTS

The Company has executed guarantee amounting to HK\$43,810,000 (2021: HK\$49,434,000) with respect to bank loans to its subsidiaries and the bank loans are also secured against investment properties held by those subsidiaries. Under the guarantees, the Company would be liable to pay the bank if the bank is unable to recover the loans. The fair value of these financial guarantee, as at the dates of initial recognition, were considered insignificant.

At the reporting date, management has performed impairment assessment and concluded that there has not been a significant increase in credit risk since initial recognition for these financial contract contracts, accordingly, the loss allowance for financial guarantee contracts issued by the Company is measured at an amount equal to 12 months ECLs. No provision for the Company's obligation under the guarantee contract has been made as the directors consider that the amount required to be made would be insignificant.

### 37. MATERIAL RELATED PARTY TRANSACTIONS

37.1 The following transactions were carried out with the related parties:

	2022 HK\$'000	2021 HK\$'000
Professional fees paid to a related company owned by one of the substantial shareholders of the Company	262	226
Professional fees paid to a related company in which one of the director of the Company is a partner	–	61
	<b>262</b>	287
Rental income on investment properties received from related companies owned by one of the substantial shareholders of the Company	<b>3,276</b>	3,266

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

### 37.2 Key management personnel compensation

	2022 HK\$'000	2021 HK\$'000
Short-term employee benefits	8,777	11,406
Equity-settled share-based payments	435	462
Pension costs – defined contribution plans	36	36
	<b>9,248</b>	11,904

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from both its operating, investing and financing activities. The Group has various financial assets and liabilities such as trade receivables, other receivables, loan receivables, cash and bank balances, other payables, borrowings and amounts due to non-controlling shareholders, which arise directly from its daily operations.

The main risks arising from the Group's financial instruments are market risk (including interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

### 38.1 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. Besides time deposits which earn interest at fixed rates, cash at banks earn interest at floating rates of up to 2.80% (2021: 0.60%) per annum, based on the daily bank deposits rates for the year. Any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to the Group. Other than deposits held in banks, the Group holds a portfolio of debt instruments and loan receivables that expose the Group to cash flows and interest rate risk.

As at 30 June 2022, the Group's exposure to interest rate risk on floating interest-bearing financial liabilities mainly came from secured bank loans. The interest rates and repayment terms of the Group's borrowings are disclosed in note 28. The Group currently does not have an interest rate hedging policy. However, the directors monitor interest rate change exposure and will consider hedging significant interest rate exchange exposure should the need arise.

If an increase or decrease of 5% in interest rate was estimated, with all other variables held constant, loss for the year and retained profit would have decreased or increased by approximately HK\$99,000 (2021: profit for the year and retained profit would have increased or decreased by HK\$118,000).

The policies to manage interest rate risk have been followed by the Group since prior years and are considered to be effective.

#### *Interest rate benchmark reform*

A fundamental reform of major interest rate benchmarks is being undertaken globally, replacing some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as "IBOR reform"). The Group has exposure to certain IBORs on its loans which the original benchmark interest rates are IBORs. At the end of the reporting period, the IBOR reform in respect of GBP to which the Group has exposure has been completed and new benchmark rates to which these exposures have been transitioned.

**38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (cont'd)**38.2 Foreign currency risk**

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Following table summarises the Group's major financial assets and liabilities denominated in currencies other than the functional currency of the entity to which they relate as at the reporting date.

	Canadian dollars ("CAD")		EURO dollars ("EURO")		GBP		Japanese yen ("JPY")		RMB		AUD	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	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 foreign currency financial assets/ (liabilities)	50	-	(40,723)	(44,797)	20,487	(75,244)	(13,628)	(11,452)	53	53	2,808	-

Other than this, almost all of the Group's transactions were carried out in HK\$ and GBP which are the functional currencies of the Group's entities to which the transaction related.

To mitigate the impact of exchange rate fluctuations, the Group's continually assesses and monitors the exposure to foreign currency risk. During the year, management did not consider it necessary to use foreign currency forward contracts to hedge the exposure to foreign currency risk as most of the financial assets and financial liabilities denominated in currencies other than the functional currencies of the entities to which they related are short term foreign currency cash flows (due within 6 months).

For the US\$ foreign exchange exposure, the directors believe the exposure is limited as the exchange rate of US\$ to HK\$ is comparatively stable.

The following table details the Group's sensitivity to a 5% increase and decrease in HK\$ against CAD, EURO, GBP, JPY and RMB. The % represents management's assessment of a reasonably possible change in foreign exchange rates over the period until the next annual reporting date. This sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates a decrease in loss or an increase in profit for the year and retained profit where HK\$ weaken against foreign currencies. For a strengthen situation of HK\$ against the relevant currency, there would be an equal and opposite impact on the loss or profit for the year and retained profit and the balances below would be negative.

	CAD		EURO		GBP		JPY		RMB		AUD	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000											
(Loss)/Profit for the year and retained profit	3	-	(2,036)	(2,240)	1,024	(3,762)	(681)	(573)	3	3	140	-

The policies to manage foreign currency risk have been followed by the Group since prior year and are considered to be effective.

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### 38.3 Price risk

Price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to change in market prices of listed equity securities, listed debts investments and unlisted investment funds in respect of its investments classified as equity instruments at FVOCI, financial instruments at FVTPL, debt instruments at FVOCI and debt instruments at FVTPL.

To manage its market price risk arising from these investments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the board of directors. The policies to manage the price risk have been followed by the Group since prior years and are considered to be effective.

For listed equity securities, listed debts investments and unlisted investment funds in other financial assets, if the quoted price for these securities increased or decreased by 5%, loss for the year and retained profit would have decreased or increased by HK\$20,120,000 (2021: profit for the year and retained profit would have increased or decreased by HK\$19,660,000) and other components of equity would have increased or decreased by HK\$2,140,000 (2021: HK\$4,179,000) respectively.

The increase and decrease of 5% in market price of investment represents management's assessment of a reasonably possible change in market price of investments over the period until the next annual reporting date.

### 38.4 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem. Most of the Group's bank balances are held in major financial institutions in Hong Kong and United Kingdom, which management believes are of high credit quality.

The Group's trade and other receivables are actively monitored to avoid significant concentration of credit risk. Normally, the Group does not obtain collateral from customers. The Group has adopted a no-business policy with customers lacking an appropriate credit history where credit records are not available.

The listed equity securities, listed and unlisted debt investments and unlisted investment funds held by the well-established banks or financial institutions and are not used for hedging purpose. These are mainly entered with banks or financial institutions with sound credit rating and management does not expect any investment counterparty to fail to meet its obligations. In this regard, the Group does not expect to incur material credit losses on managing these financial assets.

In respect of loan receivables, the Group considered that the credit risk is immaterial as the counterparties have a low risk of default. The Group assessed that the loss allowance of ECLs for the balance is immaterial under the 12 months ECLs. Accordingly, no loss allowance was recognised as at 30 June 2022 (2021: nil).

The credit and investment policies have been followed by the Group since prior year and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### 38.5 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligation associated with its financial liabilities that are settled by delivering cash or another financial asset. Individual operating entities within the Group are responsible for their own cash management, including short-term investment of cash surpluses and the raising of loans to cover the expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in both short and long terms.

The following tables detail the remaining contractual maturities at each of the reporting dates of the financial liabilities, which are based on the earliest date the Group may be required to pay. Specifically, for bank borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lender were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

At the reporting date, the Group's undiscounted cash flows under financial liabilities that have contractual maturities are summarised below:

	Carrying amounts HK\$'000	Contractual undiscounted cash flow			
		Total HK\$'000	Within 1 year or on demand HK\$'000	In 2 to 5 years HK\$'000	Over 5 years HK\$'000
<b>30 June 2022</b>					
Accrued expense, other payables and rental deposits received	20,020	20,020	18,091	1,929	-
Borrowings	220,632	221,215	219,523	1,692	-
Amounts due to non-controlling shareholders	2,160	2,160	2,160	-	-
	<b>242,812</b>	<b>243,395</b>	<b>239,774</b>	<b>3,621</b>	<b>-</b>

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### 38.5 Liquidity risk (cont'd)

	Carrying amounts HK\$'000	Contractual undiscounted cash flow			
		Total HK\$'000	Within 1 year or on demand HK\$'000	In 2 to 5 years HK\$'000	Over 5 years HK\$'000
<b>30 June 2021</b>					
Accrued expense, other payables and rental deposits received	10,810	10,810	10,810	–	–
Borrowings	234,707	235,971	223,116	12,855	–
Amounts due to non-controlling shareholders	18,231	18,231	18,231	–	–
	263,748	265,012	252,157	12,855	–

The table that follows summarises the maturity analysis of those term loans with repayment on demand clause based on the agreed scheduled repayment dates as set out in the loan agreements. The amounts included interest payments computed using contractual rates. As a result, these amounts are greater than the amounts disclosed in the “on demand” time band in the above maturity analysis. Taking into account the Group’s financial position, the directors do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment, the directors believe that such term loans will be repaid in accordance with the scheduled repayment dates as set out in the loan agreements.

	Carrying amounts HK\$'000	Contractual undiscounted cash flow			
		Total HK\$'000	Within 1 year HK\$'000	In 2 to 5 years HK\$'000	Over 5 years HK\$'000
Term loans subject to repayment on demand clause based on scheduled repayments:					
<b>30 June 2022</b>	<b>46,960</b>	<b>52,901</b>	<b>2,480</b>	<b>9,919</b>	<b>40,502</b>
30 June 2021	48,912	54,538	2,442	9,768	42,328

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### 38.6 Categories of financial assets and financial liabilities

	2022 HK\$'000	2021 HK\$'000
<b>Financial assets</b>		
At amortised cost:		
– Trade receivables	1,603	1,121
– Other receivables	7,928	22,584
– Loan receivables	6,565	17,487
– Debt instrument	4,762	5,373
– Cash and bank balances	212,564	183,179
– Pledged bank deposits	164,480	201,514
At FVOCI:		
– Equity instruments	33,097	46,535
– Debt instruments	9,701	37,048
At FVTPL		
– Equity instruments	26	2,282
– Debt instruments	–	24,478
– Financial instruments	402,371	366,430
	<b>843,097</b>	908,031
<b>Financial liabilities</b>		
At amortised cost:		
Accrued expenses, other payables and rental deposits received	20,020	10,810
Borrowings	220,632	234,707
Amounts due to non-controlling shareholders	2,160	18,231
	<b>242,812</b>	263,748

#### 38.7 Fair value

The fair values of the Group's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments.

#### 38.8 Fair value measurements recognised in the consolidated statement of financial position

The following table presents financial assets measured at fair value in the 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 instruments is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### 38.8 Fair value measurements recognised in the consolidated statement of financial position (cont'd)

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>30 June 2022</b>					
Assets:					
Equity instruments at FVOCI					
– Listed equity securities	(a)	33,097	–	–	33,097
Debt instruments at FVOCI					
– Listed debts investments	(a)	9,701	–	–	9,701
Equity instruments at FVTPL					
– Listed equity securities	(a)	26	–	–	26
Financial instruments at FVTPL					
– Unlisted equity instruments	(b)	–	–	124,836	124,836
– Unlisted investment funds	(c)	–	73,547	203,988	277,535
Total and net fair values		42,824	73,547	328,824	445,195
<b>30 June 2021</b>					
Assets:					
Equity instruments at FVOCI					
– Listed equity securities	(a)	46,535	–	–	46,535
Debt instruments at FVOCI					
– Listed debts investments	(a)	37,048	–	–	37,048
Equity instruments at FVTPL					
– Listed equity securities	(a)	2,282	–	–	2,282
Debt instruments at FVTPL					
– Listed debt instruments	(a)	3,925	–	–	3,925
– Unlisted debt instruments	(d)	–	–	20,553	20,553
Financial instruments at FVTPL					
– Unlisted equity instruments	(b)	–	–	140,739	140,739
– Unlisted investment funds	(c)	–	76,408	149,283	225,691
Total and net fair values		89,790	76,408	310,575	476,773

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

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### 38.8 Fair value measurements recognised in the consolidated statement of financial position (cont'd)

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*

Fair values of listed equity securities and listed debt investments have been determined by reference to their quoted bid prices at the reporting date.

(b) *Unlisted equity instruments*

Fair values of unlisted equity instruments included in level 3 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*

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. 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*

Fair value of unlisted debt instrument 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.

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### 38.8 Fair value measurements recognised in the consolidated statement of financial position (cont'd)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value at		Significant unobservable inputs	Range of significant unobservable inputs		Relationship of unobservable inputs to fair value	Sensitivity of fair value to the input(s)
	2022 HK\$'000	2021 HK\$'000		2022	2021		
Unlisted debt instruments	-	20,553	N/A	N/A	N/A	Higher the discount rate, lower the fair value and vice versa	(2021: 5% increase/(decrease) in the discount rate would result in decrease/(increase) in fair value of approximately HK\$753,000)
			Discount for the lack of marketability	-15.80%	-15.80%	Higher the discount rate of lack of marketability, lower the fair value and vice versa	(2021: 5% increase/(decrease) in the discount rate would result in decrease/(increase) in fair value of approximately HK\$1,028,000)
Unlisted equity instruments	124,836	140,739	N/A	N/A	N/A	Higher the fair value of the underlying investments, higher the fair value and vice versa	5% increase/(decrease) in the fair value of the underlying investments would result in increase/(decrease) in fair value of approximately 6,242,000 (2021: HK\$7,037,000)
			Discount for the lack of marketability	-15.80%	-15.80%	Higher the discount rate of lack of marketability, lower the fair value and vice versa	5% increase/(decrease) in the discount rate of lack of marketability would result in (decrease)/increase in fair value of approximately HK\$6,242,000 (2021: HK\$7,037,000)

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### 38.8 Fair value measurements recognised in the consolidated statement of financial position (cont'd)

Description	Fair value at		Significant unobservable inputs	Range of significant unobservable inputs		Relationship of unobservable inputs to fair value	Sensitivity of fair value to the input(s)
	2022 HK\$'000	2021 HK\$'000		2022	2021		
Unlisted investment funds	203,988	149,283	N/A	N/A	N/A	Higher the fair value of the underlying investments, higher the fair value and vice versa	5% increase/(decrease) in the fair value of the underlying investments would result in increase/(decrease) in fair value of approximately HK\$10,199,000 (2021: HK\$7,464,000)
			Discount for the lack of marketability	-15.80%	-15.80%	Higher the discount rate of lack of marketability, lower the fair value and vice versa	5% increase/(decrease) in the discount rate of lack of marketability would result in (decrease)/increase in fair value of approximately HK\$10,199,000 (2021: HK\$7,464,000)

### 39. CAPITAL RISK MANAGEMENT

The Group's capital management objectives are:

- (a) to ensure the Group's ability to continue as a going concern;
- (b) to provide an adequate return to shareholders;
- (c) to support the Group's sustainable growth; and
- (d) to provide capital for the purpose of potential mergers and acquisitions.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (represented by total liabilities less current tax and deferred tax liabilities as shown in the consolidated statement of financial position) less cash and bank balances. Total capital is calculated as equity, as shown in the consolidated statement of financial position. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

	2022 HK\$'000	2021 HK\$'000
Total borrowings	244,738	264,598
Less: cash and bank balances and pledged bank deposits	(377,044)	(384,693)
Net cash	(132,306)	(120,095)
Total capital	1,685,587	1,842,469
Gearing ratio	N/A	N/A

#### 40. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Interests in subsidiaries	18	–	–
Property, plant and equipment		11,679	13,030
Equity instruments at FVOCI		4,549	8,259
Financial instruments at FVTPL		35,563	43,389
Amounts due from subsidiaries		1,543,855	1,682,828
Loan receivables		124	172
		<b>1,595,770</b>	1,747,678
<b>Current assets</b>			
Prepayments, deposits and other receivables		510	195
Equity instruments at FVTPL		14	18
Cash and bank balances		107,723	49,725
Pledged bank deposits		164,480	163,726
		<b>272,727</b>	213,664
<b>Current liabilities</b>			
Accrued expenses and other payables		2,060	320
Amounts due to subsidiaries		82,585	82,603
Borrowings		142,123	139,033
		<b>226,768</b>	221,956
<b>Net current assets/(liabilities)</b>		<b>45,959</b>	(8,292)
<b>Total assets less current liabilities</b>		<b>1,641,729</b>	1,739,386
<b>Net assets</b>		<b>1,641,729</b>	1,739,386
<b>EQUITY</b>			
Share capital	31	56,081	56,081
Reserves		1,585,648	1,683,305
<b>Total equity</b>		<b>1,641,729</b>	1,739,386

On behalf of the directors

**Pong Wilson Wai San**  
Director

**Lee Wing Yin**  
Director

#### 40. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022 (cont'd)

Movements of the reserves of the Company are as follows:

	Share premium HK\$'000	Share-based payment reserve HK\$'000	FVOCI reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>At 1 July 2020</b>	1,568,267	11,708	(13)	102,400	1,682,362
Equity-settled share-based payments	-	462	-	-	462
Shares issued upon exercise of share options (note 31)	2,584	(303)	-	-	2,281
Transactions with owners	2,584	159	-	-	2,743
Loss for the year	-	-	-	(2,084)	(2,084)
Other comprehensive income: Change in fair value of equity instruments at FVOCI	-	-	284	-	284
<b>Total comprehensive income for the year</b>	-	-	284	(2,084)	(1,800)
<b>At 30 June 2021 and 1 July 2021</b>	<b>1,570,851</b>	<b>11,867</b>	<b>271</b>	<b>100,316</b>	<b>1,683,305</b>
Equity-settled share-based payments	-	435	-	-	435
Transactions with owners	-	435	-	-	435
Loss for the year	-	-	-	(96,096)	(96,096)
Other comprehensive income: Change in fair value of equity instruments at FVOCI	-	-	(1,996)	-	(1,996)
Release of FVOCI reserve upon disposals of equity instruments at FVOCI	-	-	576	(576)	-
<b>Total comprehensive income for the year</b>	-	-	(1,420)	(96,672)	(98,092)
<b>At 30 June 2022</b>	<b>1,570,851</b>	<b>12,302</b>	<b>(1,149)</b>	<b>3,644</b>	<b>1,585,648</b>

Share premium arises from the shares issued at a premium. Under the Companies Law of the Cayman Islands, share premium is available for distributions or paying dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the dividend distribution, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles of Association of the Company, with the sanction of an ordinary resolution, dividends can be declared and paid out of share premium.

#### 41. CHANGE IN OWNERSHIP INTEREST IN A SUBSIDIARY WITHOUT A LOSS OF CONTROL

On 17 January 2022, the Group acquired the remaining 49% equity interests of Brilliant Icon Limited held by the non-controlling interests for a cash consideration of HK\$1,009,000. Immediately prior to the purchase, the carrying amount of the 49% non-controlling interests in Brilliant Icon Limited was HK\$1,268,000. The Group derecognised HK\$1,268,000 in non-controlling interests and recognised a decrease in equity attributable to owner of the Company of HK\$259,000. The effect of the equity attributable to owners of the Company during the year is summarised as follow:

	2022 HK\$'000
Carrying amount of non-controlling interests acquired	(1,268)
Consideration received from the non-controlling interests	(1,009)
	(259)

There were no transactions with non-controlling interests in 2021.

#### 42. EVENTS AFTER THE REPORTING DATE

- (a) On 8 April 2022, the Group entered into a sale and purchase agreement with Kindfield Investment Limited ("Kindfield"), an independent third party, pursuant to which the Group agreed to sell, and Kindfield agreed to purchase an investment property located in Hong Kong at a consideration of HK\$19,200,000. The carrying amount of the property was approximately HK\$17,600,000 as at 30 June 2022. The sale and purchase transaction was completed on 5 July 2022.
- (b) On 29 July 2022, the Group completed a sale and purchase transaction with two independent third parties in relation to the financial instruments at FVTPL at a consideration of HK\$40,000,000. The carrying amount of the investments was approximately HK\$38,540,000 as at 30 June 2022.
- (c) Monilea Limited, a wholly owned subsidiary of the Company, as landlord, has entered into a tenancy agreement with iOne Financial Press Limited, as tenant, for a term of two years commencing from 21 September 2022 (the "Tenancy Agreement").

Save for the Tenancy Agreement, Clear Access Global Limited, another wholly owned subsidiary of the Company, as landlord, had entered into a tenancy agreement with iOne Translation Company Limited, a fellow subsidiary of iOne Financial Press Limited, as tenant, for a term of two years commencing from 9 June 2021 (the "IT Tenancy Agreement").

The transactions aggregate contemplated under the Tenancy Agreement and IT Tenancy Agreement (collectively, the "Tenancy Agreements") constitute continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios in respect of the aggregate annual cap for the Tenancy Agreements is less than 25% and the annual consideration is less than HK\$10,000,000, the transactions contemplated under the Tenancy Agreements are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the independent Shareholders' approval requirements.

#### 43. APPROVAL OF FINANCIAL STATEMENTS

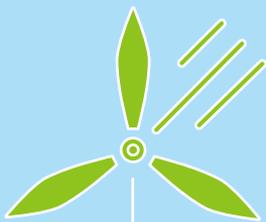
The consolidated financial statements for the year ended 30 June 2022 were approved and authorised for issue by the board of directors on 29 September 2022.

# MAJOR PROPERTIES HELD FOR TRADING AS AT 30 JUNE 2022

Location	Gross floor area (sq. ft.)	Interest attributable to the Group	Existing use
Shops 1 and 2 on Ground Floor and External Signage Area A and C, Lime Stardom, No. 18 Fir Street and Nos. 3 and 19 Larch Street, Kowloon, Hong Kong	4,877	100%	Shops
No. 50, School Road, Moseley Birmingham, B13 9TG, United Kingdom	12,000	87.5%	Residential

# MAJOR INVESTMENT PROPERTIES AS AT 30 JUNE 2022

Location	Interest attributable to the Group	Use	Lease term
Roof of Block C Sea View Estate 8 Watson Road Hong Kong	100%	Commercial	Medium-term lease
Shop 2 on Ground Floor and Shop 3 on Lower Ground 1 Floor Open Side Yard, Signage Areas II and III Grand Scholar 419K Queen's Road West Hong Kong	100%	Commercial	Long-term lease
4th Floor, Kenning Industrial Building 19 Wang Hoi Road, Kowloon, Hong Kong	100%	Industrial	Medium-term lease
6th Floor, 9 Queen's Road Central Hong Kong	100%	Commercial	Long-term lease
Car Park No. 6 on 2nd Floor, Office Nos. 1-3 on 30th Floor and Office No. 5 on 13th Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Hong Kong	100%	Commercial	Long-term lease
15th Floor, Far East Consortium Building No. 121 Des Voeux Road Central, Hong Kong	100%	Commercial	Long-term lease
Atlantic House, Tyndall Street Cardiff, CF10 4PP United Kingdom	100%	Commercial	Freehold
Office unit 8 on 9th Floor, Arion Commercial Centre Nos. 2-12 Queen's Road West, Hong Kong	100%	Commercial	Medium-term lease
Units 707-708 on 5th Floor, Skye Niseko 204-7 Aza-Yamada, Kutchan-cho Abuta-gun, Hokkaido, Japan	100%	Residential	Freehold
Units 309-310 on 3rd Floor Tower A, Park Hyatt Niseko Hanazono Residences Aza-Iwaobetsu, Kutchan-cho Abuta-gun, Hokkaido, Japan	100%	Residential	Freehold



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

Unit A, 6<sup>th</sup> Floor, 9 Queen's Road Central, Hong Kong

香港中環皇后大道中9號6樓A室

Tel 電話: (852) 3183 0727 Fax 傳真: (852) 2111 9303

Email 電郵: [inquiry@winfullgroup.hk](mailto:inquiry@winfullgroup.hk)

[www.winfullgroup.hk](http://www.winfullgroup.hk)