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

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

## **FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2024**

### **FINAL RESULTS**

The board of directors (the “Director(s)”) (the “Board”) of Winfull Group Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 30 June 2024 (the “Year”), together with the comparative figures for the year ended 30 June 2023:

## CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	4	41,118	38,029
Other income	5	16,884	15,919
Cost of properties held for trading sold		(8,204)	(8,022)
Write-down of properties held for trading		(25,249)	(282)
Employee costs		(17,079)	(17,977)
Exchange loss, net		(2,945)	(505)
Depreciation of property, plant and equipment		(4,219)	(4,311)
Professional and consulting fees		(3,584)	(3,472)
Property management fees		(3,882)	(3,523)
Other expenses		(9,207)	(9,647)
Gain on disposal of investment properties		–	1,376
Fair value loss on investment properties		(163,552)	(11,407)
Fair value loss of equity instruments at fair value through profit or loss (“FVTPL”)	10	(4)	(6)
Fair value loss of financial instruments at FVTPL	10	(6,460)	(52,225)
(Loss)/Gain on disposal of debt instruments at fair value through other comprehensive income (“FVOCI”)		(1,362)	50
Loss allowance recognised on debt instruments at FVOCI		(3,062)	(2,628)
Loss allowance recognised on loan receivables		(7,681)	(2,248)
Impairment loss of property, plant and equipment		(36,168)	–
Reversal of impairment on intangible assets		965	556
Gain on disposal of property, plant and equipment		216	–
Write-off of deposit paid		–	(2,977)
Finance costs		(8,470)	(6,052)
<b>Loss before income tax</b>	6	<b>(241,945)</b>	<b>(69,352)</b>
Income tax (expense)/credit	7	(216)	1,853
<b>Loss for the year</b>		<b>(242,161)</b>	<b>(67,499)</b>
<b>(Loss)/Profit for the year attributable to:</b>			
Owners of the Company		(241,948)	(67,611)
Non-controlling interests		(213)	112
		<b>(242,161)</b>	<b>(67,499)</b>
<b>Loss per share</b>	9		
– Basic		<b>HK(42.68) cents</b>	HK(11.93) cents
– Diluted		<b>HK(42.68) cents</b>	HK(11.93) cents

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Loss for the year</b>		<b>(242,161)</b>	(67,499)
<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	10	7,037	287
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Changes in fair value of debt instruments at FVOCI	10	(415)	(2,628)
Release of FVOCI reserve upon disposal of debt instruments at FVOCI		1,362	(50)
Loss allowance recognised on debt instruments at FVOCI		3,062	2,628
Exchange differences arising on translation of foreign operations		8	(3,249)
<b>Other comprehensive income for the year, net of tax</b>		<b>11,054</b>	(3,012)
<b>Total comprehensive income for the year</b>		<b>(231,107)</b>	(70,511)
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		(230,894)	(70,623)
Non-controlling interests		(213)	112
		<b>(231,107)</b>	(70,511)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>99,389</b>	138,467
Investment properties		<b>670,728</b>	837,359
Intangible assets		<b>2,309</b>	1,344
Interests in associate		–	–
Prepayment		<b>7,775</b>	–
Loan receivables		<b>19,691</b>	36,573
Equity instruments at FVOCI	10	<b>43,865</b>	37,635
Financial instruments at FVTPL	10	<b>364,215</b>	350,571
Debt instruments at FVOCI	10	<b>63,059</b>	74,243
		<b>1,271,031</b>	1,476,192
<b>Current assets</b>			
Properties held for trading		<b>63,910</b>	96,980
Trade receivables	11	<b>2,219</b>	1,624
Loan receivables		<b>17,494</b>	–
Prepayments, deposits and other receivables		<b>4,122</b>	3,897
Debt instruments at FVOCI	10	<b>22,053</b>	7,985
Equity instruments at FVTPL	10	<b>16</b>	20
Cash and bank balances		<b>230,143</b>	144,332
Pledged bank deposits		<b>106,080</b>	108,205
		<b>446,037</b>	363,043
<b>Current liabilities</b>			
Accrued expenses, other payables and deposits received		<b>7,034</b>	5,136
Borrowings		<b>292,123</b>	183,311
Amount due to non-controlling shareholder		<b>2,312</b>	2,312
Current tax liabilities		<b>23,968</b>	23,968
		<b>325,437</b>	214,727
<b>Net current assets</b>		<b>120,600</b>	148,316
<b>Total assets less current liabilities</b>		<b>1,391,631</b>	1,624,508

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current liabilities</b>		
Deposits received	<b>1,656</b>	3,252
Borrowings	<b>470</b>	939
Deferred tax liabilities	<b>3,590</b>	3,374
	<u><b>5,716</b></u>	<u>7,565</u>
<b>Net assets</b>	<u><b>1,385,915</b></u>	<u>1,616,943</u>
<b>EQUITY</b>		
Share capital	<b>56,691</b>	56,691
Reserves	<b>1,329,863</b>	1,560,678
	<u><b>1,386,554</b></u>	<u>1,617,369</u>
<b>Equity attributable to owners of the Company</b>	<b>1,386,554</b>	1,617,369
<b>Non-controlling interests</b>	<b>(639)</b>	(426)
	<u><b>1,385,915</b></u>	<u>1,616,943</u>
<b>Total equity</b>	<u><b>1,385,915</b></u>	<u>1,616,943</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	Equity attributable to owners of the Company									Total equity HK\$'000
	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/ (Accumulated losses) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 July 2022	56,081	1,570,851	4,755	12,302	(18,965)	1,121	59,980	1,686,125	(538)	1,685,587
Transfer upon lapse of share options	-	-	-	(435)	-	-	435	-	-	-
Shares issued upon exercise of share options	610	1,719	-	(462)	-	-	-	1,867	-	1,867
<b>Transactions with owners</b>	<u>610</u>	<u>1,719</u>	<u>-</u>	<u>(897)</u>	<u>-</u>	<u>-</u>	<u>435</u>	<u>1,867</u>	<u>-</u>	<u>1,867</u>
Loss for the year	-	-	-	-	-	-	(67,611)	(67,611)	112	(67,499)
Other comprehensive income:										
Changes in fair value of equity instruments at FVOCI (Note 10)	-	-	-	-	287	-	-	287	-	287
Changes in fair value of debts instruments at FVOCI (Note 10)	-	-	-	-	(2,628)	-	-	(2,628)	-	(2,628)
Release of FVOCI reserve upon disposals of debts instruments at FVOCI	-	-	-	-	(50)	-	-	(50)	-	(50)
Release of FVOCI reserve upon disposals of equity instruments at FVOCI	-	-	-	-	(280)	-	280	-	-	-
Loss allowance recognised on debt instruments at FVOCI	-	-	-	-	2,628	-	-	2,628	-	2,628
Exchange differences arising on translation of foreign operations	-	-	(3,249)	-	-	-	-	(3,249)	-	(3,249)
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>(3,249)</u>	<u>-</u>	<u>(43)</u>	<u>-</u>	<u>(67,331)</u>	<u>(70,623)</u>	<u>112</u>	<u>(70,511)</u>
<b>At 30 June 2023</b>	<u>56,691</u>	<u>1,572,570</u>	<u>1,506</u>	<u>11,405</u>	<u>(19,008)</u>	<u>1,121</u>	<u>(6,916)</u>	<u>1,617,369</u>	<u>(426)</u>	<u>1,616,943</u>

Equity attributable to owners of the Company

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Share- based payment reserve <i>HK\$'000</i>	FVOCI reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Retained profit/ (Accumulated losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 July 2023	56,691	1,572,570	1,506	11,405	(19,008)	1,121	(6,916)	1,617,369	(426)	1,616,943
Transfer upon lapse of share options	-	-	-	(282)	-	-	282	-	-	-
Equity-settled share-based payments expenses	-	-	-	79	-	-	-	79	-	79
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(203)</b>	<b>-</b>	<b>-</b>	<b>282</b>	<b>79</b>	<b>-</b>	<b>79</b>
Loss for the year	-	-	-	-	-	-	(241,948)	(241,948)	(213)	(242,161)
Other comprehensive income:										
Changes in fair value of equity instruments at FVOCI ( <i>Note 10</i> )	-	-	-	-	7,037	-	-	7,037	-	7,037
Changes in fair value of debts instruments at FVOCI ( <i>Note 10</i> )	-	-	-	-	(415)	-	-	(415)	-	(415)
Release of FVOCI reserve upon disposals of debts instruments at FVOCI	-	-	-	-	1,362	-	-	1,362	-	1,362
Release of FVOCI reserve upon disposals of equity instruments at FVOCI	-	-	-	-	36	-	(36)	-	-	-
Loss allowance recognised on debt instruments at FVOCI	-	-	-	-	3,062	-	-	3,062	-	3,062
Exchange differences arising on translation of foreign operations	-	-	(46)	-	54	-	-	8	-	8
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(46)</b>	<b>-</b>	<b>11,136</b>	<b>-</b>	<b>(241,984)</b>	<b>(230,894)</b>	<b>(213)</b>	<b>(231,107)</b>
At 30 June 2024	<b>56,691</b>	<b>1,572,570</b>	<b>1,460</b>	<b>11,202</b>	<b>(7,872)</b>	<b>1,121</b>	<b>(248,618)</b>	<b>1,384,554</b>	<b>(639)</b>	<b>1,385,915</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 2024*

### **1. GENERAL INFORMATION**

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

The principal activity of the Company is investment holding. During the year, the Group was principally engaged in the investment, trading and development of property money lending, property renovation service and securities investment and trading. There were no significant changes in the Group’s operation during the year.

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

During the year, the Group changed the presentation of its expenses on the consolidated income statement from an analysis of by function to by nature of expenses, as management believed such presentation provides users of the consolidated financial statements with a better understanding of the Group’s business and performance and is consistent with how management reviews the operation of the Group. This change has been made retrospectively to the consolidated financial statements.



The effect of the change in the presentation from by function to by nature on corresponding items of the Group's consolidated income statement for the year ended 30 June 2023 is as follows:

	2023 <i>HK\$'000</i> (previously presented)	2023 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (represented)
Cost of sales	(12,551)	12,551	–
Administrative expenses and other operating expenses	(34,350)	34,350	–
Cost of properties held for trading sold	–	(8,022)	(8,022)
Employee costs	–	(17,977)	(17,977)
Exchange loss, net	–	(505)	(505)
Depreciation of property, plant and equipment	–	(4,311)	(4,311)
Professional and consulting fees	–	(3,472)	(3,472)
Property management fees	–	(3,523)	(3,523)
Other expenses	–	(9,647)	(9,647)
Reversal of impairment on intangible assets	–	556	556
	<u>(46,901)</u>	<u>–</u>	<u>(46,901)</u>

## 2. CHANGES IN ACCOUNTING POLICIES

### 2.1 New standards, interpretations and amendments – effective 1 July 2023

In the current year, the Group has applied for the first time the following new standards and amendments issued by the HKICPA, which are effective for the Group's consolidated financial statements for the annual period beginning on 1 July 2023:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except for amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of Accounting Policies* as described below, none of these new standards and amendments has a material impact on the Group's results and financial position for the current or prior period and financial statements disclosures.

#### ***Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies***

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

## 2.2 New standards, interpretations and amendments that have been issued but are not yet effective

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>1</sup>
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>1</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027.

<sup>5</sup> Effective for annual periods beginning on or after a date to be determined.

### ***HKFRS 18 – Presentation and Disclosure in Financial Statements***

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace HKAS 1 *Presentation of Financial Statements*. The new HKFRS Accounting Standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. HKFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have material impact on the financial performance and financial position the Group but is expected to affect the disclosures in the future financial statements.

## ***Amendments to HKFRS 9 and HKFRS 7 – Amendments to the Classification and Measurement of Financial Instruments***

The amendments clarify that a financial liability is derecognised on the settlement date and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date. It also clarifies the classification of financial assets with ESG linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments. Additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at FVOCI. The amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for contingent features only. The Group is currently assessing the impact of these amendments.

Except as disclosed the above, the Group does not anticipate that the application of the new standard and amendments in the future will have an impact on the Group's financial performance and financial position.

### **2.3 New guidance on accounting for the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA**

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory contributions under the Mandatory Provident Fund ("MPF") Scheme to offset severance payment ("SP") and long service payments ("LSP") (the "Abolition"). Subsequently, the Government of HKSAR (the "HKSAR") announced that the Abolition will take effect on 1 May 2025 (the "Transition Date").

The following key changes will take effect since the Transition Date:

- Accrued benefits derived from employers' mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.
- The pre-transition LSP/SP is calculated using the last month's salary immediately preceding the Transition Date, instead of using the last month's salary of employment termination date.

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employer's mandatory MPF contributions and its LSP obligation and the accounting for the offsetting mechanism could become material in light of the Abolition, the HKICPA published 'Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong' (the "Guidance") in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, being:

- Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee's LSP benefits in terms of HKAS 19.93(a)
- Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

The Group has not recognised any cumulative catch-up adjustment in profit or loss for the service cost and interest expense for the year ended 30 June 2024 as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under HKAS 19.93(b) before the Abolition and the carrying amount of the LSP liability calculated under HKAS 19.93(a) after the Abolition is immaterial.

### 3. SEGMENT INFORMATION

The executive directors have identified the Group's five (2023: five) product and service lines as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

There was no inter-segment sale and transfer during the year (2023: Nil).

	2024					
	Property Development Business <i>HK\$'000</i>	Property Investment and Trading Business <i>HK\$'000</i>	Security Investment and Trading Business <i>HK\$'000</i>	Loan Financing Business <i>HK\$'000</i>	Renovation Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue:						
From external customers	<u>7,662</u>	<u>21,642</u>	<u>6,814</u>	<u>5,000</u>	<u>-</u>	<u>41,118</u>
Reportable segment loss	<u>(693)</u>	<u>(171,030)</u>	<u>(10,345)</u>	<u>(2,696)</u>	<u>(9)</u>	<u>(184,773)</u>
Bank interest income	15	71	12,527	1	-	12,614
Fair value loss on investment properties	-	(163,552)	-	-	-	(163,552)
Fair value loss of equity instruments at FVTPL	-	-	(4)	-	-	(4)
Fair value loss of financial instruments at FVTPL	-	-	(6,460)	-	-	(6,460)
Reversal of impairment on intangible assets	-	-	965	-	-	965
Write-down of properties held for trading	(1,069)	(24,180)	-	-	-	(25,249)
Loss allowance recognised on debt instruments at FVOCI	-	-	(3,062)	-	-	(3,062)
Loss allowance recognised on loan receivables	-	-	-	(7,681)	-	(7,681)
Income tax expense	-	(216)	-	-	-	(216)
Reportable segment assets	25,028	733,031	505,963	37,295	13	1,301,330
Additions to non-current assets	-	-	9,189	-	-	9,189
Reportable segment liabilities	<u>24,232</u>	<u>11,430</u>	<u>491</u>	<u>13</u>	<u>6</u>	<u>36,172</u>

	2023					
	Property Development Business <i>HK\$'000</i>	Property Investment and Trading Business <i>HK\$'000</i>	Security Investment and Trading Business <i>HK\$'000</i>	Loan Financing Business <i>HK\$'000</i>	Renovation Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue:						
From external customers	8,546	21,727	4,230	3,526	–	38,029
Reportable segment profit/(loss)	3,711	3,050	(59,377)	1,265	(7)	(51,358)
Bank interest income	12	27	10,099	–	–	10,138
Fair value loss on investment properties	–	(11,407)	–	–	–	(11,407)
Fair value loss of equity instruments at FVTPL	–	–	(6)	–	–	(6)
Fair value gain/(loss) of financial instruments at FVTPL	1,412	–	(53,637)	–	–	(52,225)
Reversal of impairment on intangible assets	–	–	556	–	–	556
Reversal of write-down/(Write-down) of properties held for trading	1,181	(1,463)	–	–	–	(282)
Loss allowance recognised on debt instruments at FVOCI	–	–	(2,628)	–	–	(2,628)
Loss allowance recognised on loan receivables	–	–	–	(2,248)	–	(2,248)
Write-off of deposits paid	–	(2,977)	–	–	–	(2,977)
Income tax credit	–	1,853	–	–	–	1,853
Reportable segment assets	31,572	914,264	486,647	35,503	16	1,468,002
Additions to non-current assets	–	–	1,934	–	–	1,934
Reportable segment liabilities	24,238	11,053	358	13	14	35,676

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Revenue</b>		
Reportable segment revenue	41,118	38,029
Consolidated revenue	<u>41,118</u>	<u>38,029</u>
<b>Loss before income tax</b>		
Reportable segment loss	(184,773)	(51,358)
Bank interest income	12,614	10,138
Exchange loss, net	(2,945)	(505)
Depreciation of property, plant and equipment	(4,219)	(4,311)
Impairment loss of property, plant and equipment	(36,168)	–
Corporate employee costs	(17,079)	(17,977)
Corporate professional fees	(1,895)	(1,700)
Interest for bank borrowings	(8,470)	(6,052)
Unallocated corporate income	1,048	2,469
Unallocated corporate expenses	(58)	(56)
Consolidated loss before income tax	<u>(241,945)</u>	<u>(69,352)</u>
<b>Assets</b>		
Reportable segment assets	1,301,330	1,462,930
Property, plant and equipment	99,389	138,467
Corporate pledged bank deposits	106,080	108,205
Corporate time deposits	210,269	129,633
Consolidated total assets	<u>1,717,068</u>	<u>1,839,235</u>
<b>Liabilities</b>		
Reportable segment liabilities	36,172	35,676
Corporate bank borrowings	292,593	184,250
Other corporate liabilities	2,388	2,366
Consolidated total liabilities	<u>331,153</u>	<u>222,292</u>

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

	Revenue from external customers		Non-current assets	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	27,404	23,930	694,773	890,711
United Kingdom	10,535	11,934	54,373	54,373
Japan	3,179	2,165	31,055	32,086
	<u>41,118</u>	<u>38,029</u>	<u>780,201</u>	<u>977,170</u>

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

During the year ended 30 June 2024, there was neither revenue from external customers attributable to the Cayman Islands (domicile) (2023: Nil) nor non-current assets were located in the Cayman Islands (2023: Nil). The country of domicile is the country where the Company is incorporated.

Revenue from the major customers who accounted for 10% or more of the total revenue of the Group, is as follows:

	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Customer A ( <i>Note</i> )	<b>4,436</b>	4,200

*Note:*

The revenue was derived from the Property Investment and Trading Business.

Revenue recognition is as follows:

	Property Development Business		Property Investment and Trading Business		Security Investment and Trading Business		Loan Financing Business		Renovation Business		Total	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers recognised at a point in time												
- Sale of properties held for trading	7,662	8,546	-	-	-	-	-	-	-	-	7,662	8,546
Revenue from leasing	-	-	21,642	21,727	-	-	-	-	-	-	21,642	21,727
Revenue from other sources	-	-	-	-	6,814	4,230	5,000	3,526	-	-	11,814	7,756
	<b>7,662</b>	<b>8,546</b>	<b>21,642</b>	<b>21,727</b>	<b>6,814</b>	<b>4,230</b>	<b>5,000</b>	<b>3,526</b>	<b>-</b>	<b>-</b>	<b>41,118</b>	<b>38,029</b>

#### 4. REVENUE

The Group's principal activities are disclosed in Note 1. Revenue from the Group's principal activities are recognised is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Revenue from contracts with customers</b>		
– Sale of properties held for trading	7,662	8,546
<b>Revenue from leasing</b>		
– Rental income from investment properties	21,642	21,727
<b>Revenue from other sources</b>		
– Dividend income from securities	2,602	1,221
– Interest income from securities	4,212	3,009
– Interest income from loan financing	5,000	3,526
	<u>41,118</u>	<u>38,029</u>

#### 5. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	12,614	10,138
Government grant ( <i>Note</i> )	–	272
Rental income from properties held for trading	3,222	3,312
Sundry income	1,048	2,197
	<u>16,884</u>	<u>15,919</u>

*Note:*

During the year ended 30 June 2023, government grant of HK\$272,000 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 grant was allocated to the consolidated profit or loss to match the relevant costs incurred. The Group did not have other unfulfilled obligations relating to this program.



## 6. LOSS BEFORE INCOME TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before income tax is arrived at after charging the following:		
Auditor's remuneration	680	640
Depreciation of property, plant and equipment		
– owned assets	1,425	1,517
– right-of-use assets included within leasehold properties	2,794	2,794
	<u>4,219</u>	<u>4,311</u>
Direct operating expenses arising from investment properties that		
– generate rental income	4,815	4,113
– did not generate rental income	448	416
	<u>4,815</u>	<u>4,113</u>

## 7. INCOME TAX EXPENSE/(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 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 jurisdictions.

Income tax expense/(credit) in the consolidated income statement is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax – Hong Kong	<u>–</u>	<u>–</u>
Current tax – Overseas	<u>–</u>	<u>(52)</u>
Deferred tax	<u>216</u>	<u>(1,801)</u>
Total income tax expense/(credit)	<u>216</u>	<u>(1,853)</u>

## 8. DIVIDENDS

For the years ended 30 June 2024 and 2023, the directors do not recommend the payment of a dividend.

## 9. LOSS PER SHARE

Calculation of basic and diluted loss per share is based on the following data:

	2024 HK\$'000	2023 HK\$'000
Loss for year attributable to owners of the Company	<u>(241,948)</u>	<u>(67,611)</u>
	Number of shares	
	2024 '000	2023 '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>566,913</u>	<u>566,812</u>

The computation of diluted loss per share for the years ended 30 June 2024 and 2023 does not include the share options as the assumed exercise of these share options has an anti-dilutive effect.

## 10. OTHER FINANCIAL ASSETS

	Measured at FVOCI (Note)		Measured at FVTPL	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
<b>Non-current</b>				
Equity instruments				
– Listed in Hong Kong*	1,536	1,972	–	–
– Listed outside Hong Kong*	<u>42,329</u>	<u>35,663</u>	–	–
	<u>43,865</u>	<u>37,635</u>	–	–
Financial instruments				
– Unlisted outside Hong Kong^	–	–	25,189	42,968
– Unlisted investment funds#	–	–	<u>339,026</u>	<u>307,603</u>
	–	–	<u>364,215</u>	<u>350,571</u>
Debt instruments				
– Listed in Hong Kong*	<u>63,059</u>	<u>74,243</u>	–	–
	<u>63,059</u>	<u>74,243</u>	–	–
	<u>106,924</u>	<u>111,878</u>	<u>364,215</u>	<u>350,571</u>
<b>Current</b>				
Equity instruments				
– Listed outside Hong Kong*	–	–	16	20
	–	–	<u>16</u>	<u>20</u>
Debt instruments				
– Listed in Hong Kong*	<u>22,053</u>	<u>7,985</u>	–	–
	<u>22,053</u>	<u>7,985</u>	–	–
	<u>22,053</u>	<u>7,985</u>	<u>16</u>	<u>20</u>

- \* These financial assets are measured at fair value which has been determined directly by reference to published price and quotations in active markets (2023: 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 (2023: same).
- # Among these financial assets, amount of HK\$155,086,000 (2023: HK\$63,228,000) 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\$183,940,000 (2023: HK\$244,375,000) 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 (2023: same).

*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		Financial instruments at FVTPL		Debt instruments at FVOCI		Equity instruments at FVTPL		Debt instrument at amortised cost	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Carrying amount at beginning of the year	37,635	33,097	350,571	402,371	82,228	9,701	20	26	-	4,762
Additions	-	7,056	126,611	60,640	36,292	85,223	-	-	-	-
Disposals	(920)	(2,805)	(106,507)	(62,530)	(32,934)	(10,068)	-	-	-	(4,762)
Changes in fair value charged to profit or loss	-	-	(6,460)	(52,225)	-	-	(4)	(6)	-	-
Changes in fair value credited/(charged) to other comprehensive income	7,037	287	-	-	(415)	(2,628)	-	-	-	-
Exchange difference	113	-	-	2,315	(59)	-	-	-	-	-
Carrying amount at end of the year	<u>43,865</u>	<u>37,635</u>	<u>364,215</u>	<u>350,571</u>	<u>85,112</u>	<u>82,228</u>	<u>16</u>	<u>20</u>	<u>-</u>	<u>-</u>

At 30 June 2024 and 2023, debt instruments measured at FVOCI were determined to be impaired when debt instruments are expected to be irrecoverable.

## **11. TRADE RECEIVABLES**

The Group generally allowed a credit period of 1 month (2023: 1 month) to its trade customers.

Based on the invoice dates, all trade receivables as at 30 June 2024 and 2023 were aged within 90 days.

All trade receivables are subject to credit risk exposure. Loss allowance on trade receivables is recognised based on the accounting policy for the years ended 30 June 2024 and 2023.

Based on the due dates, no trade receivables as at 30 June 2024 and 2023 were past due nor credit-impaired.

At 30 June 2024, there was no amount denominated in a currency other than the functional currency of the entity to which they relate (2023: Nil).

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

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

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

The Hong Kong economy recorded moderate growth in Year 2024, with the real GDP grew by 3.3% year-on-year.

The external environment generally sustained for the Year. The Mainland economy maintained steady growth and the US economy expanded further on the back of strong domestic demand, and the euro area economy continued to record mild growth. Meanwhile, the Government continued to strengthen Hong Kong’s economic links with overseas economies and the Mainland. The negotiation for the Free Trade Agreement (“FTA”) between Hong Kong and Peru were fully concluded. The Ministry of Commerce and the Hong Kong Government substantially concluded the consultations for further liberalisation of trade in services under the Mainland and Hong Kong Closer Economic Partnership Arrangement (“CEPA”).

The local stock market fared better in the last quarter of the Year. Market sentiment improved following the announcement of enhancement measures on mutual access between the capital markets of the Mainland and Hong Kong.

Consumption activities weakened in the last quarter of the Year, mainly affected by the changes in the consumption patterns of residents. Alongside the overall economic growth, overall investment spending in terms of gross domestic fixed capital formation increase slightly in the last quarter of the Year, and the overall business sentiment generally weakened in the past few months.

The residential property market was very active at the beginning of the fourth quarter of the Year following the demand-side management measures (“DSMMs”) for residential properties, but quietened progressively thereafter as pent-up demand faded. Market sentiment turned increasingly cautious during the quarter as the prospect of US interest rate cuts dimmed. Flat prices declined for the fourth quarter as a whole. The total number of sale and purchase agreements for residential property received by the Land Registry increased by 47% from last year. Overall flat prices recorded a 2% decline and the overall flat rentals increased by 2% during the last quarter. The average rental yield for residential property edged up to 2.9% in June. The index of home purchase affordability remains unchanged at around 65% in the last quarter, and it remained above the long-term average of 54% over Year 2004 to 2023. Reflecting the Government’s sustained efforts in raising land and flat supply, the total supply in the private sector in the coming three to four years would stay as a high level of 109,000 units as estimated at end-June 2024.

The non-residential property market remained sluggish for the Year. Despite some rebound from the low levels in the third quarter for the Year, trading activities for all major market segments stayed generally subdued. Price and rentals fell further. Prices of office space on average went down visibly by 6% during the last quarter. Overall office rentals fell by 1% during the last quarter. The average rental yields of Grade A, B and C office space were 3.1%, 3.3% and 3.5% respectively in June 2024. Transactions for office space is 20% lower than that of last year and visibly below the quarterly average in 2019 to 2023.

Prices of retail shop space declined by 6% during the fourth quarter for the Year, while rentals went down by 1%. The average rental yield increased to 3.0% in June, but the transactions is 20% lower than that of last year and still below the quarterly average in 2019 to 2023. Prices and rentals of flatted factory space also showed slightly decrease during the last quarter. Prices and rentals in June were 22% and 3% lower than the peak in 2019 and 2023. The average rental yield remained unchanged at 3.5% in June. Transactions increased to 400 cases in the fourth quarter for the Year, with 27% lower than last year and were far below the quarterly average of 600 cases in 2019 to 2023.

## **FINANCIAL REVIEW**

For the Year, the Group recorded a turnover of approximately HK\$41,118,000, representing an increase of approximately 8.1% compared with that of approximately HK\$38,029,000 for the last financial year. The increase in turnover was mainly attributed to the increase in turnover from securities investment and trading business for the Year.

Loss before income tax of the Group for the Year was approximately HK\$241,945,000, representing an increase of approximately 248.9% comparing with that of approximately HK\$69,352,000 for the last financial year. The loss for the Year was mainly attributable to fair value loss on investment properties, write-down of properties held for trading and impairment loss of property, plant and equipment.

## **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 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. A local agent has been appointed for selling and leasing of the apartments.

The cost of living, the rising local interest and increase in fuel and energy prices have had a knock-on effect on the housing market in Birmingham and the selling of our development project too. Six units have been leased to independent third parties as at 30 June 2024, while six units have been sold to independent third parties up to Year 2024.

The Group considers that the UK Property Project 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 2024, the Group has eleven 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\$163,552,000 (2023: approximately HK\$11,407,000) and a write-down of properties held for trading of approximately HK\$25,249,000 (2023: approximately HK\$282,000). 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 and Kenning Industrial Building in Hong Kong. The write-down of properties held for trading is mainly due to the write-down of the shops and signages at Lime Stardom in Hong Kong.

### *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 2024, a fair value loss for this investment property of approximately HK\$117,900,000 (2023: fair value gain of approximately HK\$4,400,000) 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 the concerns on uncertainties in Hong Kong and global economy. The transaction dates of the comparables adopted in the valuation were all within 1 year from the valuation date as well they are all within a radius of approximately 1 kilometer to the subject property. In this connection, priority should be given to the market approach to ensure the accuracy of the valuation.

#### *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.

As at 30 June 2024, a fair value loss for this investment property of approximately HK\$21,700,000 (2023: approximately HK\$7,700,000) has been recognised. The property is also 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. Similar to the commercial properties in Hong Kong, the market approach is deemed to be the best and most reliable approach in valuation for industrial properties 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. Flatted factory value is also relatively more susceptible to economic cycles, with decreasing demand for factory lease due to the concerns on uncertainties in Hong Kong and global economy. The transaction dates of the comparables adopted in the valuation were all within 1 year from the valuation date as well they are all within a radius of approximately 1 kilometer to the subject property. In this connection, priority should be given to the market approach to ensure the accuracy of the valuation.

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

The property is located in Cardiff, the UK with a total net floor area of approximately 41,000 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. A local agent has been appointed for leasing of the west wing and 30% of the floor area has been leased as at 30 June 2024.

During the Year, the Cardiff office market was active albeit market polarisation is widening, even with the backdrop of Marco uncertainty and local issues. Occupiers are seeking the best quality space for staff with maximum amenities. Unrefurbished offices or office at outside primary area will struggle or be repurposed for alternative uses. Prime rents were unchanged over the Year. However, the overall vacancy rate, characterised by significant amount of secondhand space that has been returned to the market and put pressure on rent in the coming year.



There are challenges with the location for some occupiers and the post Covid environment and the requirements for typically smaller, better quality space have accentuated this with the strong preference being very central and close to transport links. The new refurbishment of Atlantic House can be a good offering and it stands behind this specification.

A fair value loss for this Investment property of approximately HK\$556,000 (2023: approximately HK\$6,230,000) has been recognised as at 30 June 2024. 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 Times stock Exchange UK Office Index. The valuation methodologies of the property are the same as that of previous years.

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 3 office units are located on 30th floor of Universal Trade Centre, No. 3 Arbuthnot Road, Central, Hong Kong. They have a total gross floor area of approximately 4,100 square feet. These three office units 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\$42,000. The rent was determined after arm's length negotiation with reference to the monthly rental of other similar premises in the Hong Kong market and the professional valuation report.

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

The property is a whole floor office unit located on 15th Floor of Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong, which is an office building in Central district, with a gross floor area of approximately 7,300 square feet. This property has been leased to a financial printing company which is wholly owned by Mr. Pong with monthly rent of HK\$233,000. The monthly rent will be adjusted to HK\$224,000 from 21 September 2024. 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 15 June 2023 and 16 August 2024.

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

This property is located at the front portion of the roof of Sea View Estate in North Point, which is facing the South of Victoria Harbour in Hong Kong Island. The Group believes that it can be converted into an eye-catching rooftop advertising signage of approximately 300 square meters. The Group has engaged an advertising agent in looking for 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. However, prices and rentals of retail shop space both decreased amid the continued weakness in the retail trade during the Year due to the changing spending habits of Mainland visitors and weekend activities of the Hongkongers, which led to the steepest decline in the private consumption expenditure and inbound tourism in the recent years. A write-down on properties held for trading of HK\$24,180,000 has been recognised.

The shops were 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 shops 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. Considering that retail shop values are relatively more susceptible to economic cycles and can vary substantially due to locational factors such as trade mix and pedestrian flow. The transaction dates of the comparables adopted in the valuation were all within 1 year from the valuation date as well they are all ground-floor retail shops located within a radius of approximately 1 kilometer to the subject properties. In this connection, priority should be given to the market approach to ensure the accuracy of the valuation.

### *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. We expect inbound tourism in Japan is recovering in the long run and there are 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.

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 Group recorded a total rental income of approximately HK\$23,586,000 (2023: approximately HK\$23,679,000) from property investment and trading business, including revenue of approximately HK\$21,642,000 (2023: approximately HK\$21,727,000) and other income of approximately HK\$1,944,000 (2023: approximately HK\$1,952,000). This rental income is expected to provide a significant and steady income source to the Group.

### **Securities Investment and Trading**

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

During the Year, the Group recorded a net gain in fair value of the investments portfolio in this segment of approximately HK\$1,123,000 (2023: net loss of approximately HK\$55,428,000).

The Group reported a segment loss of approximately HK\$10,345,000 (2023: approximately HK\$59,377,000) during the Year. The Group received investment income from investment portfolio for this segment of approximately HK\$6,814,000 (2023: approximately HK\$4,230,000) during the Year. As at 30 June 2024, the carrying amount of the investments in this segment amounted to approximately HK\$495,517,000 (2023: approximately HK\$471,798,000). This value represents an investment portfolio comprising equity instruments, debt instruments, financial instruments and cryptocurrencies.

Under this segment, the business' significant investments held for investment and for trading as at 30 June 2024 were as below:

	<b>Cost as at 30 June 2024 HK\$'000</b>	<b>Carrying amount as at 30 June 2024 HK\$'000</b>	<b>Gain/(Loss) in fair value/ Reversal of impairment during the Year HK\$'000</b>	<b>Gain/(Loss) on disposal during the Year HK\$'000</b>	<b>Dividends/ Interests received during the Year HK\$'000</b>
<i>NON-CURRENT</i>					
Financial instruments	472,245	364,215	(6,460)	–	2,183
Equity instruments	46,093	43,865	7,037	–	419
Debt instruments	69,195	63,059	2,023	(1,269)	2,895
Intangible assets	2,332	2,309	965	–	–
<i>CURRENT</i>					
Equity instruments	17	16	(4)	–	–
Debt instruments	27,758	22,053	(2,438)	(93)	1,317

### **Loan Financing**

During the Year, the Group recorded an interest income from the loan financing business amounting to approximately HK\$5,000,000 (2023: approximately HK\$3,526,000), representing approximately 12.2% (2023: approximately 9.3%) of the total revenue of the Group. Loss derived from loan financing business was approximately HK\$2,696,000 for the Year (2023: profit of approximately HK\$1,265,000). Interest income from loan financing business was increased for the Year since the loan receivables were increased during the Year. Loss derived from loan financing business was mainly attributed to loss allowance on loan receivables of approximately HK\$7,681,000 recognised for the Year.

The carrying amount of loan receivables for loan financing business as at 30 June 2024 was approximately HK\$37,185,000 (2023: approximately HK\$36,573,000) which is mainly secured by share mortgage and a deed of assignment of the borrower's commitment under a mezzanine loan agreement with fair value of approximately HK\$27,213,000. The Group is not permitted to sell or repledge the collaterals, if any, in the absence of default by the borrowers. The largest borrower of the Group itself accounted for approximately 47% (2023: 56%) of the Group's loan receivables at 30 June 2024.

During the Year, the interest rate on the Group's fixed rate loan receivables was ranged from 3.33% to 20% (2023: ranged from of 3.33% to 20%) per annum. All loan receivables during the Year are fixed rate loans.

The Group generally provided short-term to medium-term loan.

The target customer groups of the business are individuals and corporate entities that have short-term to medium term funding needs and could provide sufficient collaterals for their borrowings. The Group's clientele is primarily acquired through business referrals and introductions from the Company's directors, senior management, business partners or clients.

The Group has credit policies, guidelines and procedures in place which cover key internal controls of a loan transaction including due diligence, credit appraisal, proper execution of documentations, continuous monitoring and collection and recovery. The due diligence procedures include conducting research on borrowers' background, evaluating its current business operations and financial conditions, market reputation and creditability, and conducting financial analysis and recoverability analysis. To minimise credit or investments risks, the Group will typically require guarantees, including collaterals with expected typically require guarantees, including collaterals with expected realised value exceeding the loan or investment amount, post-dated cheques, and/or personal guarantees and corporate guarantees.

After drawdown of loan, the loan agreement will be filed with the loan documents properly. The Group maintains regular contact with the borrowers and carries out periodical review to assess the recovery of the loan based on the business development, financial status, repayment ability including such as recent settlement record and any litigations and bankruptcy orders against borrowers. The Group will take all necessary legal actions against the relevant clients to follow up the settlement of the outstanding loans.

The Group performs impairment assessment under expected credit loss ("ECLs") model on loans receivable which are subject to impairment assessment under HKFRS 9 issued by Hong Kong Institute of Certified Public Accountants. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition. In particular, the following information is being considered when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the loans receivable's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the borrower;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the borrower's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the borrower; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environments of the borrower that results in a significant decrease in the borrower's ability to meet its debt obligations.

As at 30 June 2024, the loss allowance recognised in profit or loss amounted to HK\$7,681,000 (2023: HK\$2,248,000) in its loan financing business.

## **PROSPECTS**

Looking forward, the global economy continues to recover and the external environment remained difficult for the Year. The soaring inflation, on-going geopolitical tension and higher-for-even-longer interest rates are still the big threats to the world economy for now. While the impact of soaring inflation has yet to be finished, global economic activities are expected to remain subdued in the short to medium term as containment measures are likely to continue for a while. This, together with intensified Sino-US tensions, 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 after the epidemic 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 2024, the Group had net current assets of approximately HK\$120,600,000 (2023: approximately HK\$148,316,000) including cash and bank balances of approximately HK\$230,143,000 (2023: approximately HK\$144,332,000).

The gearing ratio was approximately 17% as at 30 June 2024 (2023: approximately 10%). The gearing ratio is derived by dividing the total of borrowings by total assets. The gearing ratio increase mainly due to increase in borrowings during the year.

During the Year, the Group financed its operations with its own working capital and bank borrowings. As at 30 June 2024, the secured bank borrowings of the Group was approximately HK\$292,593,000 (2023: approximately HK\$184,250,000), in which approximately HK\$257,633,000 (2023: approximately HK\$147,538,000) are repayable within a period of not exceeding 5 years and approximately HK\$34,960,000 is repayable beyond 5 years (2023: approximately HK\$36,712,000), and there was no other borrowings as at 30 June 2024 (2023: 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 22 September 2023, August Ally Limited (“August Ally”) (which is an indirectly wholly-owned subsidiary of the Company) received the redemption confirmation and redeemed its investments in a redeemable unlisted securities in the Apeiron Global Opportunities Fund for an aggregate redemption value of US\$1,671,000 (equivalent to approximately HK\$13,034,000) in cash and estimated to realize an aggregate gain of HK\$2,556,000 in relation to the redemption, as compared to the fair value of the Apeiron Global Opportunities Fund as at 30 June 2023.

For details of the transaction, please refer to the Company’s announcement dated 22 September 2023.

On 5 October 2023, August Ally has disposed of the bonds in the principal amount of US\$1,000,000 (equivalent to approximately HK\$7,800,000) issued by Towngas (Finance) Limited at a total consideration (together with the accrued interests) of approximately US\$990,000 (equivalent to approximately HK\$7,722,000) in the open market.

For details of the transaction, please refer to the Company’s announcement dated 6 October 2023.

On 24 October 2023, August Ally received the redemption confirmation and redeemed part of its investments in a redeemable unlisted securities in the Optimas Global Alpha Fund for an aggregate redemption value of approximately US\$1,246,000 (equivalent to approximately HK\$9,719,000) in cash and estimated to realize an aggregate gain of approximately HK\$129,000 in relation to the redemption, as compared to the fair value of the 7,572.888 shares of non-voting redeemable participating shares in the Optimas Global Alpha Fund as at 30 June 2023.

For details of the transaction, please refer to the Company’s announcement dated 25 October 2023.

During the period from 23 to 24 November 2023, August Ally has acquired from the open market the bonds in an aggregate principal of US\$3,500,000 (equivalent to approximately HK\$27,300,000) issued by Elect Global Investments Limited at an aggregate consideration of approximately US\$3,084,000 (equivalent to approximately HK\$24,055,000).

For details of the transaction, please refer to the Company’s announcement dated 24 November 2023.

On 21 February 2024, the Company received the redemption confirmation and redeemed its investments in a redeemable unlisted securities in the Nomura Funds Ireland Plc for an aggregate redemption value of approximately US\$1,015,000 (equivalent to approximately HK\$7,917,000) in cash and estimated to realize an aggregate gain of approximately HK\$274,000 in relation to the redemption, as compared to the fair value of the 6,701.7462 shares of non-voting redeemable participating shares in the Nomura Funds Ireland Plc as at 30 June 2023.

For details of the transaction, please refer to the Company's announcement dated 21 February 2024.

On 19 April 2024, August Ally subscribed for wealth management product offered by Hang Seng Insurance Company Limited, namely, the LegendPower Life Insurance Plan (Single Premium), in an aggregate subscription amount of USD9,200,000 (equivalent to approximately HK\$71,760,000).

For details of the transaction, please refer to the Company's announcement dated 19 April 2024 and the Company's circular dated 23 May 2024.

On 19 April 2024, August Ally received the redemption confirmation and redeemed its investments in a redeemable unlisted securities in the Optimas Global Alpha Fund for an aggregate redemption value of approximately US\$1,058,000 (equivalent to approximately HK\$8,252,000) in cash and estimated to realize an aggregate gain of approximately HK\$399,000 in relation to the redemption of the 6,166.746 shares of non-voting redeemable participating shares in the Optimas Global Alpha Fund ("Remained Redeemed Investment Fund"), as compared to the fair value of the Remained Redeemed Investment Fund as at 31 December 2023.

For details of the transaction, please refer to the Company's announcement dated 22 April 2024.



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

	Cost as at 30 June 2024 HK\$'000	Carrying amount as at 30 June 2024 HK\$'000	Outstanding commitment as at 30 June 2024 HK\$'000	Total of carrying amount and commitment as at 30 June 2024 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/ receivable during the Year HK\$'000
<i>NON-CURRENT</i>								
Equity instruments at fair value through other comprehensive income								
Listed in Hong Kong	5,646	1,536	–	1,536	(437)	–	–	42
Listed outside Hong Kong	40,447	42,329	–	42,329	7,474	–	113	377
	<u>46,093</u>	<u>43,865</u>	<u>–</u>	<u>43,865</u>	<u>7,037</u>	<u>–</u>	<u>113</u>	<u>419</u>
Financial instruments at fair value through profit or loss								
Unlisted outside Hong Kong	110,815	25,189	–	25,189	(17,778)	–	–	–
Unlisted investment funds	361,430	339,026	35,342	374,368	11,318	–	–	2,183
	<u>472,245</u>	<u>364,215</u>	<u>35,342</u>	<u>399,557</u>	<u>(6,460)</u>	<u>–</u>	<u>–</u>	<u>2,183</u>
Debt instruments at fair value through other comprehensive income								
Listed in Hong Kong	69,195	63,059	–	63,059	2,023	(1,269)	(59)	2,895
	<u>587,533</u>	<u>471,139</u>	<u>35,342</u>	<u>506,481</u>	<u>2,600</u>	<u>(1,269)</u>	<u>54</u>	<u>5,497</u>
<i>CURRENT</i>								
Equity instruments at fair value through profit or loss								
Listed outside Hong Kong	17	16	–	16	(4)	–	–	–
Debt instruments at fair value through other comprehensive income								
Listed in Hong Kong	27,758	22,053	–	22,053	(2,438)	(93)	–	1,317
	<u>27,775</u>	<u>22,069</u>	<u>–</u>	<u>22,069</u>	<u>(2,442)</u>	<u>(93)</u>	<u>–</u>	<u>1,317</u>
	<u>615,308</u>	<u>493,208</u>	<u>35,342</u>	<u>528,550</u>	<u>158</u>	<u>(1,362)</u>	<u>54</u>	<u>6,814</u>

The total size of carrying amount and outstanding commitment for each of those investments as at 30 June 2024 represents approximately 0.0004% to 3.76% of the total assets of the Group as at 30 June 2024. The Group maintains a portfolio of equities, bonds and other investments products which generate steady income with potential of capital appreciation. The Group has taken into account of the following criteria when determining whether to take up an investment and trading opportunity: (i) potential for return on investment in terms of capital appreciation and dividend payment for the targeted holding period; (ii) risks exposure in comparison with the Group's risk tolerance level at the prevailing time; and (iii) diversification of the existing investment portfolio.

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

## PLEDGE OF ASSETS

As at 30 June 2024, the leasehold properties and certain investment properties with carrying amount of approximately HK\$87,100,000 (2023: approximately HK\$126,062,000) and approximately HK\$615,673,000 (2023: approximately HK\$415,173,000) and bank deposits of approximately HK\$106,080,000 (2023: approximately HK\$108,205,000) were pledged to secure bank borrowings for the Group.

## CONTINGENT LIABILITIES

As at 30 June 2024, the Company has no contingent liabilities (2023: Nil).

## LEASE AND CONTRACTED COMMITMENTS

### As lessor

As at 30 June 2024, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	<b>17,993</b>	20,126
In the second year	<b>13,444</b>	10,492
In the third year	<b>2,127</b>	4,575
In the fourth year	<b>2,659</b>	699
In the fifth year	<b>3,928</b>	921
Beyond five years	<b>6,127</b>	4,217
	<b>46,278</b>	41,030

The Group leases its properties under operating lease arrangements which run for an initial period of one to fifteen years (2023: 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.

## CAPITAL COMMITMENTS

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Contracted but not provided for: Financial instruments at FVTPL	<b>35,342</b>	46,511

## FOREIGN EXCHANGE EXPOSURE

The Group's income and expenditure during the Year were denominated in United States dollars (the "US\$"), British Pound (the "GBP"), Euro (the "EUR"), Japanese Yen (the "JPY") and Hong Kong Dollars ("HK\$"), and most of the assets and liabilities as at 30 June 2024 were denominated in US\$, GBP, EUR, JPY, Renminbi (the "RMB"), Australian dollars (the "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 pegged. However, the Group is exposed to GBP, EUR, JPY, RMB and AUD foreign exchange exposure and fluctuation of exchange rates of GBP, EUR, JPY, RMB 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 3 to this announcement.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2024, the Group had 14 (2023: 16) employees, including the Directors. Total staff costs (including Directors' emoluments) were approximately HK\$17,079,000 for the Year as compared to approximately HK\$17,977,000 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.

## **EVENTS AFTER THE YEAR**

On 15 July 2024, the Company granted share options to the grantees to subscribe for up to a total of 1,060,000 Shares, subject to acceptance of the grantees, under the share option scheme adopted by the Company on 26 November 2021.

Further details can be referred to our announcement dated 15 July 2024.

On 1 August 2024, August Ally Limited, a wholly owned subsidiary of the Company, subscribed for a participation in BentallGreenOak Asia IV, LP. (the "Fund") with capital commitment of USD10,000,000 or equivalent JPY (equivalent to approximately HK\$78,000,000), representing approximately 0.33% of the target capital commitments of the Fund.

Further details of the transaction can be referred to our announcement and circular dated 1 August 2024 and 22 August 2024 respectively.

On 16 August 2024, Monilea Limited, as landlord, had 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 2024 with the monthly rent and the annual cap of HK\$224,000 and HK2,189,333 respectively.

Further details of the transaction can be referred to our announcement dated 16 August 2024.

Save as disclosed above, the Group does not have any material subsequent event after the Year and up to the date of this announcement.

## **DIVIDEND**

The Board does not recommend the payment of a final dividend for the Year (2023: Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 25 November 2024 to Friday, 29 November 2024, 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 Friday, 22 November 2024.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions set out in the Corporate Governance Code to the Appendix C1 (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.

## **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 C3 to the Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by Directors throughout the Year.

## **REMUNERATION COMMITTEE**

According to the Listing Rules, the Company has to set up a remuneration committee comprising a majority of independent non-executive Directors. The remuneration committee of the Company (the "Remuneration Committee") was established on 23 March 2007 with the latest written terms of reference adopted on 25 November 2022. As at the date of this announcement, the Remuneration Committee consists of four members, of which Mr. Pong is executive Director and the other three members are independent non-executive Directors, namely Mr. Koo Fook Sun Louis ("Mr. Koo"), Ms. Yeung Wing Yan Wendy ("Ms. Yeung") and Mr. Liu Tsee Ming ("Mr. Liu"), which schedules to meet at least once a year. The chairman of the Remuneration Committee is Mr. Liu 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 3 meetings during the Year to review the remuneration packages of all the Directors and senior management of the Company.

## **NOMINATION COMMITTEE**

According to the Listing Rules, the Company has to set up a nomination committee comprising a majority of independent non-executive Directors. The nomination committee of the Company (the “Nomination Committee”) was established on 12 November 2007 with the latest written terms of reference adopted on 30 March 2012. As at the date of this announcement, the Nomination Committee consists of four members, of which Mr. Pong is executive Director and the other three members are independent non-executive Directors, namely Mr. Koo, Ms. Yeung and Mr. Liu, 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.

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 Board was satisfied with the implementation and effectiveness of the Board Diversity Policy for the Year.

The Nomination Committee held 3 meetings during the Year to review the structure, size and composition of the Board, assess the independence of independent non-executive Directors, make recommendations to the Board relating to the renewal services of non-executive Director and independent non-executive Directors and to review the Board Diversity Policy.

## **AUDIT COMMITTEE**

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

The latest terms of reference of the Audit Committee are posted 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 2023 in conjunction with the external auditor and the unaudited financial statements for 3 months ended 30 September 2023, 6 months ended 31 December 2023 and 9 months ended 31 March 2024;
- 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 2023 which are set out in the annual report of the Company for the year ended 30 June 2023;
- 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 2023 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.

During the Year, the Audit Committee met the Company's auditor two times.

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



## **SUSTAINABILITY COMMITTEE**

The sustainability committee of the Company (the “Sustainability Committee”) was established on 9 June 2023. As at the date of this announcement, the Sustainability Committee consists of six members, of which Mr. Pong and Mr. Lee Wing Yin (“Mr. Lee”) are executive Directors, Mr. Lai Hin Wing Henry is non-executive Director and the other three members are independent non-executive Directors, namely Mr. Koo, Ms. Yeung and Mr. Liu, which schedules to meet at least once a year. The chairman of the Sustainability Committee is Mr. Lee and the quorum necessary for the transaction of business is two.

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

The roles and functions of the Sustainability Committee include to (i) review, endorse and report to the Board the Group’s corporate responsibility and sustainability plans, strategies, priorities, policies, practices and frameworks; (ii) oversee, review and evaluate the adequacy and effectiveness of resources, processes, and actions taken by the Group based on its corporate responsibility and sustainability plans, strategies, priorities, policies and frameworks, and recommend improvements; and the Group’s performance against the appropriate international or national standard (if any) on sustainability; (iii) recommend strategies for improvements in the sustainability performance of the Group; (iv) assess and manage material corporate responsibility and sustainability issues and related risks; (v) integrate the corporate responsibility and sustainability related risks into the Group’s existing risk management and internal control framework and report to the Board on related risks and issues; (vi) oversee the execution of the Group’s initiatives on corporate responsibility and sustainability development; (vii) monitor and review existing and/or emerging issues, trends and investments related to corporate responsibility and sustainability of the Group; (viii) consider the impact of the Group’s corporate responsibility and sustainability on its stakeholders, including employees, shareholders, local communities and the environment; (ix) review and oversee the implementation of the Group’s corporate responsibility and sustainability policies and practices to ensure they remain relevant and compliant with legal and regulatory requirements (including, but not limited to, the relevant Hong Kong Stock Exchange Environmental, Social and Governance Reporting Guide and the Listing Rules); and (x) review and provide recommendations to the Board for approval of the annual corporate responsibility/sustainability report and relevant disclosures in the Company’s annual report.

## **SCOPE OF WORK OF BDO LIMITED**

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

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

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

### **APPRECIATION**

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

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

Hong Kong, 27 September 2024

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