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## **WINFULL GROUP HOLDINGS LIMITED**

**宏輝集團控股有限公司**

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

**(Stock Code: 183)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

#### **INTERIM RESULTS**

The board of directors (the "Director(s)") (the "Board") of Winfull Group Holdings Limited (the "Company") herein presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 31 December 2017 together with the comparative unaudited figures for the corresponding periods in 2016 as follows:

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2017

		Six months ended 31 December	
	Notes	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	4	624,587	6,492
Cost of sales		(463,731)	(1,475)
<b>Gross profit</b>		<b>160,856</b>	5,017
Other income	4	6,828	6,048
Administrative expenses and other operating expenses		(14,917)	(12,595)
Fair value gain on investment properties		5,808	4,348
Loss on disposal of a subsidiary		(6,804)	–
Finance costs		(942)	(454)
<b>Profit before income tax</b>	5	<b>150,829</b>	2,364
Income tax expense	6	(658)	(1,301)
<b>Profit for the period</b>		<b>150,171</b>	1,063
<b>Profit for the period attributable to:</b>			
Owners of the Company		72,871	1,164
Non-controlling interests		77,300	(101)
		<b>150,171</b>	1,063
<b>Profit per share for profit attributable to owners of the Company for the period</b>	8		
Basic and diluted		<b>HK1.31 cent</b>	HK0.04 cent

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2017

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Profit for the period</b>	<b>150,171</b>	1,063
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to profit or loss:		
Net fair value gain on available-for-sale financial assets	<b>2,697</b>	5,991
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	–	(865)
Exchange differences arising on translation of foreign operations	<b>136</b>	28
Release of other reserve upon disposal of properties under development	<b>(2,997)</b>	–
<b>Other comprehensive income for the period, net of tax</b>	<b>(164)</b>	5,154
<b>Total comprehensive income for the period</b>	<b>150,007</b>	6,217
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	<b>72,707</b>	6,318
Non-controlling interests	<b>77,300</b>	(101)
	<b>150,007</b>	6,217

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

		<b>At 31 December 2017</b>	At 30 June 2017
	Notes	<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>88,607</b>	89,109
Investment properties		<b>982,724</b>	1,067,594
Interests in associates		–	–
Interests in joint ventures		–	–
Available-for-sale financial assets	9	<b>244,536</b>	80,360
Deposits for investment properties		<b>9,567</b>	25,419
		<b>1,325,434</b>	1,262,482
<b>Current assets</b>			
Amounts due from a joint venture		–	11
Properties held for trading		<b>46,123</b>	46,379
Properties under development		–	450,192
Trade receivables	10	<b>2,898</b>	3,048
Prepayments, deposits and other receivables		<b>8,096</b>	3,253
Cash and bank balances		<b>581,746</b>	339,229
Pledged bank deposits		<b>64,598</b>	26,309
		<b>703,461</b>	868,421
Assets of a disposal group classified as held for sale		<b>100,399</b>	100,399
		<b>803,860</b>	968,820
<b>Current liabilities</b>			
Accrued expenses and other payables		<b>130,992</b>	116,633
Borrowings		<b>114,295</b>	81,378
Amounts due to non-controlling shareholders		<b>16,009</b>	237,748
Provision for income tax		<b>1,876</b>	1,355
		<b>263,172</b>	437,114
<b>Net current assets</b>		<b>540,688</b>	531,706
<b>Total assets less current liabilities</b>		<b>1,866,122</b>	1,794,188

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(cont'd)

As at 31 December 2017

		<b>At 31 December 2017 HK\$'000 (Unaudited)</b>	At 30 June 2017 HK\$'000 (Audited)
	Notes		
<b>Non-current liabilities</b>			
Borrowings		<b>22,153</b>	22,764
Deferred tax liabilities		<b>2,899</b>	3,638
		<b>25,052</b>	26,402
<b>Net assets</b>		<b>1,841,070</b>	1,767,786
<b>EQUITY</b>			
Share capital	11	<b>55,481</b>	55,481
Reserves		<b>1,786,466</b>	1,713,759
<b>Equity attributable to owners of the Company</b>		<b>1,841,947</b>	1,769,240
<b>Non-controlling interests</b>		<b>(877)</b>	(1,454)
<b>Total equity</b>		<b>1,841,070</b>	1,767,786

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2017

	Six months ended 31 December	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Net cash generated from operating activities	603,353	960
Net cash (used in)/generated from investing activities	(86,187)	10,410
Net cash used in financing activities	(268,371)	(3,453)
Net increase in cash and cash equivalents	248,795	7,917
Cash and cash equivalents at beginning of period	178,136	410,936
Effect of foreign exchange rate change	(364)	28
CASH AND CASH EQUIVALENTS AT END OF PERIOD	426,567	418,881
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	72,024	32,992
Short-term deposits	354,543	385,889
	426,567	418,881

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2017

### Equity attributable to owners of the Company

	Share capital HK\$'000 (Unaudited)	Share premium account HK\$'000 (Unaudited)	Translation reserve HK\$'000 (Unaudited)	Share-based payment reserve HK\$'000 (Unaudited)	Revaluation reserve HK\$'000 (Unaudited)	Other reserve HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Non-controlling interests HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)
At 1 July 2016	31,385	1,108,644	(224)	11,074	(2,301)	4,377	116,074	1,269,029	(1,146)	1,267,883
Profit/(loss) for the period	-	-	-	-	-	-	1,164	1,164	(101)	1,063
Other comprehensive income:										
Net fair value gain on available-for-sale financial assets	-	-	-	-	5,991	-	-	5,991	-	5,991
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	-	-	-	-	(865)	-	-	(865)	-	(865)
Exchange differences arising on translation of foreign operations	-	-	28	-	-	-	-	28	-	28
Total comprehensive income for the period	-	-	28	-	5,126	-	1,164	6,318	(101)	6,217
At 31 December 2016	31,385	1,108,644	(196)	11,074	2,825	4,377	117,238	1,275,347	(1,247)	1,274,100

### Equity attributable to owners of the Company

	Share capital HK\$'000 (Unaudited)	Share premium account HK\$'000 (Unaudited)	Translation reserve HK\$'000 (Unaudited)	Share-based payment reserve HK\$'000 (Unaudited)	Revaluation reserve HK\$'000 (Unaudited)	Other reserve HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Non-controlling interests HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)
At 1 July 2017	55,481	1,568,267	91	11,074	6,770	4,377	123,180	1,769,240	(1,454)	1,767,786
Lapse of share options	-	-	-	(2,346)	-	-	2,346	-	-	-
Transaction with owners	-	-	-	(2,346)	-	-	2,346	-	-	-
Profit for the period	-	-	-	-	-	-	72,871	72,871	77,300	150,171
Release of non-controlling interests upon disposal of properties under development	-	-	-	-	-	-	-	-	(76,723)	(76,723)
Other comprehensive income:										
Net fair value gain on available-for-sale financial assets	-	-	-	-	2,697	-	-	2,697	-	2,697
Exchange differences arising on translation of foreign operations	-	-	136	-	-	-	-	136	-	136
Release of other reserve upon disposal of properties under development	-	-	-	-	-	(2,997)	-	(2,997)	-	(2,997)
Total comprehensive income for the period	-	-	136	-	2,697	(2,997)	72,871	72,707	577	73,284
At 31 December 2017	55,481	1,568,267	227	8,728	9,467	1,380	198,397	1,841,947	(877)	1,841,070

## **NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

Winfull Group Holdings Limited (the "Company") is an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Unit A, 6th Floor, 9 Queen's Road Central, Hong Kong.

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

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

These condensed consolidated interim financial statements are unaudited, but have been reviewed by the audit committee of the Company and approved for issue by the board of directors (the "Board") of the Company on 12 February 2018.

### **2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES**

#### **Basis of preparation**

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2017 (the "Condensed Financial Report") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

These Condensed Financial Report do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2017 (the "2017 Annual Financial Statements"), which have been prepared in accordance with Hong Kong Financial Reporting Standards.



## **2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES** *(cont'd)*

### **Basis of preparation** *(cont'd)*

The preparation of the Condensed Financial Report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

In preparing the Condensed Financial Report, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2017 Annual Financial Statements.

The Condensed Financial Report have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, available-for-sale financial assets and investment properties which are stated at fair value.

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

### **Principal accounting policies**

The accounting policies used in the preparation of these Condensed Financial Report are consistent with those set out in the 2017 Annual Financial Statements.

The Group has not applied any new or revised standards, amendments and interpretations (new and amended HKFRSs) issued by the HKICPA that are not yet effective for the current accounting period.

The directors of the Company are in the process of making an assessment of the potential impact of new and amended HKFRSs but are not yet in a position to state whether they could have material financial impact on the Group's results and financial position.

### 3. SEGMENT INFORMATION

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

The Group has identified the following reportable segments:

Property Development Business: Property development

Property Investment and Trading Business:	Investment in properties and property trading for profit-making purpose
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Renovation Business:	Provision of renovation services
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Each of these operating segments is managed separately as each of the product and service line requires different resources as well as marketing approaches. All inter-segment transfers are priced with reference to prices charged to external parties for similar orders.

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

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

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

There was no inter-segment sale and transfer during the period (six months ended 31 December 2016: Nil).

<b>Six months ended 31 December 2017</b>				
<b>(Unaudited)</b>				
	<b>Property Development Business HK\$'000</b>	<b>Property Investment and Trading Business HK\$'000</b>	<b>Renovation Business HK\$'000</b>	<b>Total HK\$'000</b>
Reportable segment revenue:				
From external customers	<b>609,943</b>	<b>14,644</b>	–	<b>624,587</b>
Reportable segment profit/(loss)	<b>146,511</b>	<b>6,576</b>	<b>(5)</b>	<b>153,082</b>
Reportable segment assets	<b>100,489</b>	<b>1,137,032</b>	<b>862</b>	<b>1,238,383</b>

<b>Six months ended 31 December 2016</b>				
<b>(Unaudited)</b>				
	<b>Property Development Business HK\$'000</b>	<b>Property Investment and Trading Business HK\$'000</b>	<b>Renovation Business HK\$'000</b>	<b>Total HK\$'000</b>
Reportable segment revenue:				
From external customers	–	5,516	976	6,492
Reportable segment profit/(loss)	(161)	11,115	85	11,039
Reportable segment assets	308,497	519,649	930	829,076

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

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

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Revenue</b>		
Reportable segment revenue	<b>624,587</b>	6,492
Consolidated revenue	<b>624,587</b>	6,492
<b>Profit before income tax</b>		
Reportable segment profit	<b>153,082</b>	11,039
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	<b>29</b>	865
Interest income	<b>3,060</b>	1,831
Dividend income	<b>610</b>	453
Exchange gain/(losses), net	<b>1,286</b>	(4,335)
Corporate salaries and allowances	<b>(4,654)</b>	(4,636)
Depreciation on corporate property, plant and equipment	<b>(6)</b>	(6)
Corporate rent and rates	<b>–</b>	(945)
Unallocated corporate expenses	<b>(2,578)</b>	(1,902)
Consolidated profit before income tax	<b>150,829</b>	2,364

The Group's revenue from external customers are all derived from Hong Kong.

The following table provides an analysis of the Group's non-current assets other than financial instruments and deferred tax assets ("Specified non-current assets").

	<b>Specified non-current assets</b>	
	<b>31 December</b>	30 June
	<b>2016</b>	2017
	<b>HK\$'000</b>	HK\$'000
Hong Kong	<b>991,065</b>	1,098,140
United Kingdom	<b>81,924</b>	78,394
Japan	<b>7,901</b>	5,562
	<b>1,080,890</b>	1,182,096

#### 4. REVENUE AND OTHER INCOME

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

	<b>Six months ended 31 December</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Revenue</b>		
Rental income from investment properties	<b>14,644</b>	5,516
Renovation service income	–	976
Sale of properties under development	<b>609,943</b>	–
	<b>624,587</b>	6,492
<b>Other income</b>		
Interest income	<b>3,060</b>	1,835
Dividend income	<b>610</b>	453
Rental income from properties held for trading and properties under development	–	2,895
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	<b>29</b>	865
Sundry income	<b>1,843</b>	–
Exchange gain, net	<b>1,286</b>	–
	<b>6,828</b>	6,048

#### 5. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging the following:

	<b>Six months ended 31 December</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Depreciation	<b>1,090</b>	206
Directors' remuneration	<b>7,582</b>	4,034
Exchange losses, net	–	4,335

## 6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 31 December 2016: 16.5%) on the estimated assessable profit arising in Hong Kong for the current period.

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

## 7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2017 (six months ended 31 December 2016: Nil).

## 8. PROFIT PER SHARE

The calculation of basic and diluted profit per share are based on the following data:

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2017</b>	2016
	<b>(Unaudited)</b>	(Unaudited)
Profit for the period, attributable to owners of the Company (HK\$'000)	<b>72,871</b>	1,164
<hr/>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	<b>5,548,126</b>	3,138,500
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There were no diluted potential ordinary shares for the six months ended 31 December 2017 and 2016 as the outstanding share options were out of the money for the purpose of the diluted earnings per share calculation.

## 9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>31 December 2017 HK\$'000 (Unaudited)</b>	30 June 2017 HK\$'000 (Audited)
<b>Non-current</b>		
Listed equity securities – Hong Kong	<b>15,826</b>	13,535
Listed debts investments – Hong Kong	<b>48,443</b>	2,243
Listed debts investments – outside Hong Kong	<b>69,767</b>	–
Unlisted equity securities – outside Hong Kong	<b>3,165</b>	3,049
Unlisted investment funds	<b>107,335</b>	61,533
	<b>244,536</b>	80,360

	<b>31 December 2017 HK\$'000 (Unaudited)</b>	30 June 2017 HK\$'000 (Audited)
Net carrying amount at beginning of the year	<b>80,360</b>	50,964
Additions	<b>161,479</b>	31,874
Disposals	–	(12,414)
Change in fair value credited to revaluation reserve in equity	<b>2,697</b>	9,936
Net carrying amount at end of the period/year	<b>244,536</b>	80,360

Listed equity securities, listed debts investments and unlisted investment funds with carrying amounts of HK\$15,826,000 (30 June 2017: HK\$13,535,000), HK\$118,210,000 (30 June 2017: 2,243,000) and HK\$56,567,000 (30 June 2017: HK\$30,370,000) respectively are stated at fair value. The fair values have been determined directly by reference to published price and quotations in active markets.

Unlisted equity securities and unlisted investment funds with carrying amounts of HK\$3,165,000 (30 June 2017: 3,049,000) and HK\$50,768,000 (30 June 2017: HK\$31,163,000) respectively are measured at cost less impairment losses as the variability in the range of reasonable fair value estimates is significant and the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value. The directors of the Company are of the opinion that the fair value cannot be measured reliably.

As at 30 June 2017, available-for-sale financial assets were individually determined to be impaired on the basis of a material decline in their fair value below cost which indicated that the investment costs may not be recovered. For the six months ended 31 December 2017, no impairment on these investments was recognised in profit or loss (2016: Nil).

## 10. TRADE RECEIVABLES

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

Based on the invoice dates, all trade receivable as at 31 December 2017 and 30 June 2017 were aged within 90 days.

## 11. SHARE CAPITAL

	Number of shares	HK\$'000 (Unaudited)
<b>Authorised</b>		
Ordinary shares of HK\$0.01 each	<b>10,000,000,000</b>	100,000
<b>Issued and fully paid</b>		
Ordinary shares of HK\$0.01 each At 1 July 2017 and 31 December 2017	<b>5,548,125,668</b>	55,481

## 12. MATERIAL RELATED PARTY TRANSACTIONS

The Group had the following material transactions with its related parties during the period:

	Six months ended 31 December	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Rental expenses paid to a related company owned by a substantial shareholder and director of the Company	–	840
Professional fees paid to a related company in which one director of the Company is a partner	<b>1,017</b>	–
	<b>1,017</b>	840

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.



## 12. MATERIAL RELATED PARTY TRANSACTIONS (cont'd)

### Key management personnel compensation

	Six months ended 31 December	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Short-term employee benefits	7,582	4,034

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## 13. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

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

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

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

	Notes	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
31 December 2017					
Assets:					
Available-for-sale financial assets					
– Listed equity securities	(a)	15,826	–	–	15,826
– Listed debts investments	(a)	118,210	–	–	118,210
– Unlisted investment funds	(b)	–	56,567	–	56,567
Total and net fair values		134,036	56,567	–	190,603

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

	Notes	Level 1 HK\$'000 (Audited)	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)	Total HK\$'000 (Audited)
30 June 2017					
Assets:					
Available-for-sale financial assets					
– Listed equity securities	(a)	13,535	–	–	13,535
– Listed debts investments	(a)	2,243	–	–	2,243
– Unlisted investments funds	(b)	–	30,370	–	30,370
Total and net fair values		15,778	30,370	–	46,148

There have been no significant transfers between levels 1 and 2 in the reporting period.

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

#### (a) Listed Equity Securities and Listed Debts Investments

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

#### (b) Unlisted Investments Funds

The unlisted investment funds are denominated in US\$ and EURO. Fair values of unlisted investment funds included in Level 2 have been determined based on observable market prices which are sourced from broker quotes as provided by financial institutions. Most significant inputs are observable market data including quoted market prices.

### 14. EVENT AFTER THE REPORTING DATE

On 5 January 2018, the Group entered into a sale and purchase agreement to acquire the properties held for trading in Hong Kong at a consideration of HK\$125,000,000.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2017 (the "Period") (six months ended 31 December 2016: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

During the Period, the Group was engaged in two property development projects in Hong Kong. The Group has eight potential investment properties, which are commercial and industrial properties located in Hong Kong and the United Kingdom, and one trading property, which is a commercial property in Hong Kong.

The Hong Kong economy sustained above-trend growth for the Period. External demand improved further, with downside risks to the global economic outlook receding. The United States (the "US") economy continued to grow moderately, bolstering the Federal Reserve's confidence to raise rates again in mid-December 2017 and to reveal a firmer intention to begin scaling back its balance sheet. Domestic demand growth stayed robust, buttressed by favourable labour market conditions and improved economic sentiment. Overall investment expenditure strengthened to show sizeable growth, as building and construction activity sustained its uptrend. The residential property market remained generally buoyant for the Period amid a still tight demand-supply situation. The commercial and industrial property markets generally firmed up for the Period. Trading activities turned more active, while prices and rentals of most market segments showed further increases.

## **FINANCIAL REVIEW**

For the Period, the Group recorded a turnover of approximately HK\$624,587,000, representing an increase of approximately 9,521% comparing with that of approximately HK\$6,492,000 for the corresponding period of last financial year. The improvement in turnover was mainly attributed to the increase in turnover from the property investment and trading business and the revenue from sale of properties under development at Nos. 142-154 Carpenter Road, Kowloon, Hong Kong.

Profit before income tax of the Group for the Period was approximately HK\$150,829,000, representing an increase of approximately 6,280% comparing with that of approximately HK\$2,364,000 for the corresponding period of last financial year. The profit for the current period was mainly attributable to (i) the growth in business revenue from the property investment and trading business as a result of the acquisition of a number of new investment properties and a property held for trading during the year ended 30 June 2017 and for the Period; and (ii) a one-off gain derived from the disposal of its 51% equity interest in and all outstanding shareholders' loans of Plan Link Limited, which held the development project at Nos. 142-154 Carpenter Road, Kowloon, Hong Kong, as disclosed in the circular of the Company dated 28 September 2017. Thus, the profit attributable to shareholders of the Company (the "Shareholder(s)") for the Period amounted to approximately HK\$72,871,000, it represents an increase of approximately 6,160% when comparing with that of approximately HK\$1,164,000 for the corresponding period of last financial year.

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

As at 31 December 2017, the Group had net current assets of approximately HK\$540,688,000 (30 June 2017: approximately HK\$531,706,000), including cash and bank balances of approximately HK\$581,746,000 (30 June 2017: approximately HK\$339,229,000).

The gearing ratio was approximately 6.4% as at 31 December 2017 (30 June 2017: approximately 4.7%). The gearing ratio is derived by dividing the total of borrowings by total assets. The gearing ratio has increased for the Period when compared to 30 June 2017 due to the new foreign currency bank loan for new overseas investments.

During the Period, the Group financed its operations with its own working capital and bank borrowings. As at 31 December 2017, the unsecured and secured bank borrowing of the Group was approximately HK\$136,448,000 (30 June 2017: approximately HK\$104,142,000), in which approximately HK\$78,357,000 were repayable within a period of not exceeding 5 years (30 June 2017: approximately HK\$45,278,000) and approximately HK\$58,091,000 were repayable beyond 5 years (30 June 2017: approximately HK\$58,864,000), and there was no other borrowing (30 June 2017: Nil).

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

On 3 October 2017, Ample Cove Limited ("Ample Cove"), a wholly-owned subsidiary of the Company, entered into a co-investment documents dated 3 October 2017, pursuant to which Ample Cove would co-invest with other co-investors in Tower 2 of Shanghai Financial Street Center, Jing'an Central Business District, Shanghai, the People's Republic of China with capital commitment of US\$4,500,000 on the part of Ample Cove.

On 21 December 2017:

- (i) August Ally Limited ("August Ally"), a wholly-owned subsidiary of the Company and Phoenix Asia Real Estate Investments VI(B), L.P. ("Phoenix Fund VI (B)") entered into a fund subscription agreement, pursuant to which the August Ally would subscribe for a limited partnership interest in Phoenix Fund VI (B) with capital commitment of US\$5,000,000; and
- (ii) Winter Cherishing Limited ("Winter Cherishing"), a wholly-owned subsidiary of the Company, entered into a co-investment agreement, pursuant to which the Winter Cherishing would subscribe for a participation in Key Reward Holdings Limited with capital commitment of US\$5,000,000, subject to final allocation.

The objective of Key Reward Holdings Limited is to give third party investors the opportunity to co-invest with Phoenix Asia Real Estate Investments VI (A), L.P. and Phoenix Fund VI (B) in Tower 3 of Shanghai Financial Street Center, Jing'an Central Business District, Shanghai, the People's Republic of China.

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

As the relevant percentages in aggregate of the above investments exceed 5% but all below 25%, the above investments constitutes discloseable transactions on the part of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

For details of the transactions, please refer to the Company's announcements dated 21 December 2017 and 15 January 2018.

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

	Cost as at 31 December 2017 HK\$'000	Carrying amount as at 31 December 2017 HK\$'000	Outstanding commitment as at 31 December 2017 HK\$'000	Total of carrying amount and commitment as at 31 December 2017 HK\$'000	Gain/(loss) in fair value during the Period HK\$'000	Gain on disposal during the Period HK\$'000	Dividends/ interests received during the Period HK\$'000
NON-CURRENT							
Listed equity securities							
– Hong Kong	<b>13,638</b>	15,826	–	15,826	2,209	–	496
Listed debts investments							
– Hong Kong	<b>48,943</b>	48,443	–	48,443	(566)	–	148
Listed debts investments							
– outside Hong Kong	<b>70,522</b>	69,767	–	69,767	(755)	–	101
Unlisted equity investment							
– outside Hong Kong	<b>2,904</b>	3,165	12,659	15,824	–	–	–
Unlisted investment fund	<b>107,052</b>	107,335	158,404	265,739	1,809	29	115
	<b>243,059</b>	244,536	171,063	415,599	2,697	29	860

The total size of carrying amount and outstanding commitment for each of those investments as at 31 December 2017 represents approximately 0.01% to 1.83% of the total assets of the Group as at 31 December 2017. It is the strategy of the Group to seek any opportunistic investments to enhance the yield of the surplus cash held by the Group on medium and long-term basis.

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

## PLEDGE OF ASSETS

As at 31 December 2017, the leasehold properties and certain investment properties with carrying value of HK\$86,724,000 and HK\$536,224,000 (30 June 2017: HK\$87,600,000 and HK\$529,994,000) respectively and bank deposits of HK\$64,598,000 (30 June 2017: HK\$26,309,000) were pledged to secure bank borrowings for the Group.

## CONTINGENT LIABILITIES

The Company and one of its subsidiaries had executed guarantees of HK\$210,000,000 each (30 June 2017: HK\$210,000,000) in respect of the banking facilities of the associate for the property development projects at Nos. 18–32 Junction Road, Kowloon, Hong Kong as at 31 December 2017.

## LEASE AND CONTRACTED COMMITMENTS

### As Lessor

As at 31 December 2017, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	<b>31 December 2017 HK\$'000 (Unaudited)</b>	30 June 2017 HK\$'000 (Audited)
Within one year	<b>26,672</b>	27,634
In the second to fifth years	<b>35,414</b>	47,684
Later than five years	–	10,141
	<b>62,086</b>	85,459

The Group leases its properties under operating lease arrangements which run for an initial period of two 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.

**LEASE AND CONTRACTED COMMITMENTS** (cont'd)  
Capital Commitments

	<b>31 December 2017 HK\$'000 (Unaudited)</b>	30 June 2017 HK\$'000 (Audited)
Available-for-sale financial assets	<b>171,063</b>	71,906
Investment properties	–	110,820
Property, plant and equipment	–	517
	<b>171,063</b>	183,243

Save for the above commitment, as at 31 December 2017, neither the Group nor the Company had any other significant commitments.

**USE OF PROCEEDS FROM THE PLACING OF NEW SHARES UNDER GENERAL MANDATE**

On 13 May 2016, the Company entered into the placing agreement pursuant to which the Company has conditionally agreed to place through Sanfull Securities Limited, on a best effort basis, up to 420,000,000 placing shares of the Company at the placing price of HK\$0.15 per placing share of the Company to not less than six placees who and whose beneficial owners shall be independent third parties. The allotment of new shares of the Company was completed on 25 May 2016. The actual net proceeds from the placing were approximately HK\$62.4 million, of which HK\$50 million is intended for the costs, expenses and obligations of the property development project and the remaining HK\$12.4 million for general working capital of the Group. Details of the placing were set out in the announcement of the Company dated 15 May 2016 and the next day disclosure return of the Company dated 25 May 2016. As at 31 December 2017, HK\$45.5 million was unutilized and intended to be used for property development.

**FOREIGN EXCHANGE EXPOSURE**

The Group's income and expenditure during the Period were denominated in United States dollars (the "US\$"), GBP, Euro ("EUR"), HK\$ and Japanese Yen (the "JPY"), and most of the assets and liabilities as at 31 December 2017 were denominated in US\$, GBP, EUR, HK\$ and JPY. Accordingly, the Board is of the view that, to a certain extent, the Group is exposed to foreign currency exchange risk. For the US\$ foreign exchange exposure, the Board believes the exposure is small as the exchange rate of US\$ to HK\$ is comparatively stable. However, the Group is exposed to GBP, EUR and JPY foreign exchange exposure and the fluctuation of exchange rates of GBP, EUR and JPY against HK\$ could affect the Group's results of operations. During the Period, foreign currency banking facilities for GBP, EUR and JPY were arranged for acquisition of properties and investments in these currencies to hedge for foreign exchange exposure.



## **TREASURY POLICIES**

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

## **SEGMENT INFORMATION**

The analysis of the principal activities of the operations of the Group are set out in note 3 to the Condensed Financial Report.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2017, the Group had 12 (30 June 2017: 12) employees, including Directors. Total staff cost (including Directors' emoluments) was approximately HK\$8,383,000 for the Period as compared to approximately HK\$4,774,000 for the six months ended 31 December 2016. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and share option scheme.

## **BUSINESS OVERVIEW**

### **Property Development Business**

During the Period, the Group is engaged in two property development projects, which are both located in Kowloon, Hong Kong. A shareholder's agreement with a wholly owned subsidiary of Phoenix Asia Real Estate Investment, a former customer of the Group, for establishing an associate for a property redevelopment project at Nos. 18-32 Junction Road, Kowloon, Hong Kong (the "Junction Road Property Project"), which the Group has 30% equity interests, has been proceeded in 2011. The project has a site area of approximately 10,200 square feet and a gross floor area of approximately 84,000 square feet. The project has been developed into a composite residential and commercial building.

On 26 May 2017, the Group and its joint venture partners, as vendors and guarantors, entered into a formal sale and purchase agreement with an independent third party to dispose of the entire equity interest and all outstanding shareholders' loans of the Junction Road Property Project for a cash consideration of HK\$1,300,000,000. The completion of the transaction will take place on 28 March 2018. For details of the transaction, please refer to the Company's announcement dated 3 April 2017 and the Company's circular dated 9 June 2017.

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

### **Property Development Business** (cont'd)

In respect of the redevelopment project at Nos. 142-154 Carpenter Road, Kowloon, Hong Kong (the "Carpenter Road Property Project"), the Group has acquired all the property units of this project during the year ended 30 June 2012. It has a site area of approximately 9,100 square feet. The Group held 100% equity interests of the project. On 17 March 2014, the Company has disposed 49% equity interests in those wholly owned subsidiaries, which held the Carpenter Road Property Project, to an independent third party. The disposal represents a good opportunity for realisation of the Group's investment in the Carpenter Road Property Project whilst allows the Group to maintain its interests in the redevelopment of the project. Further, the proceeds from the disposal can reduce the overall gearing of the Group. It can further strengthen the cash position of the Group and will allow the Group to reallocate its resources for future development.

Since there was a landmark judgment delivered by the Court of Final Appeal (the "CFA") of Hong Kong in May 2013 for the definition of "House", the developments of these two projects were restricted under the relevant lease. On 25 June 2014, a new practice note for the "House" restrictions under government leases has been circulated by the Lands Administration Office of the Lands Department in regards to the landmark judgment delivered by CFA.

As updated in the Company's announcement dated 16 December 2015, an approval letter in relation to the redevelopment of the Junction Road Property Project under lease conditions was granted by District Lands Officer/Kowloon East of the Lands Department and no land premium was mentioned. However, it is contemplated that additional commitment would be required for an additional cost for reinitiating the project as a result of the suspension in construction works because of the delay in approval of the project by District Lands Officer. As further update in the Company's announcement dated 15 June 2016, each of the Group and its joint venture partner executed further guarantee to secure a facility for the project with an additional commitment to be borne by the Group will be approximately HK\$66 million, representing the 30% interest of the Group in the project. The occupation permit of the project has been approved on 31 May 2016 and the development work was completed in October 2017.

An application for land exchange was submitted to the District Lands Officer in relation to the redevelopment of the Carpenter Road Project in 2015. A provisional basic terms offer dated 23 October 2015 offered by the District Lands Office (Kowloon East) was accepted by the Company on 5 November 2015. The demolition of the existing buildings was completed on 8 June 2017 and the outstanding building orders for the existing have been discharged accordingly.

On 1 June 2017, the Group and its joint venture partners, as vendors and guarantors, entered into a provisional sale and purchase agreements with an independent third party to dispose of the entire equity interests in and all outstanding shareholders' loans of those subsidiaries holding the Carpenter Road Property Project for a cash consideration of HK\$610,000,000. The completion of the transaction has taken place on 21 September 2017. For details of the transaction, please refer to the Company's announcements dated 1 June 2017 and 21 September 2017 and the circular of the transaction dated 28 September 2017.

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

### **Property Investment and Trading**

During the Period, the Group has eight potential commercial and industrial properties for investment and trading purpose, which are located in Hong Kong, and a potential commercial property in Cardiff, the UK, for investment purpose. Details of those properties are as follows:

#### *Ground Floor Shop at Kimberley Road, Tsim Sha Tsui*

This property is located at the ground floor of Wing Lee Building at No. 23-31C Kimberley Road, Tsim Sha Tsui, Kowloon with approximately 4,500 square feet.

On 17 July 2017, the Group, as vendor, entered into a formal sale and purchase agreement with an independent third party to dispose of the entire equity interest and all debts owing to the Group by Central Fly Limited, which hold the above property, for cash consideration of HK\$206,000,000. The completion of the transaction took place on 10 October 2017. The Group considers that the disposal represents a good opportunity for realisation of the Group's investment properties. Further, the proceeds from the disposal can further strengthen the cash position of the Group and will allow the Group to reallocate its resources for its principal activities. For details of the transaction, please refer to the Company's announcements dated 13 June 2017, 26 June 2017 and 10 October 2017 and the Company's circular dated 24 July 2017.

#### *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 with approximately 300 square meters. The advertising steel frame has been reconstructed and strengthened for LED signage. The Group has entered into a construction agreement with a contractor for construction of a LED signage on the steel frame. The construction is expected to be completed in the first quarter of 2018. The Group is also looking for appropriate potential tenant for the signage.

#### *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 with 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 future 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 and is in proximity to the Kowloon Bay MTR station. The property has a total gross floor area of approximately 16,500 square feet and the whole floor has been leased during the Period.

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

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

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

The property is located at Cardiff, the United Kingdom with a total net floor area of approximately 42,000 square feet. The property consists of two office buildings which are individually let to two tenants, including a law firm and a university. The existing gross rental yield of the property is more than 7%. Cardiff is the principal office market within Wales and one of the major regional centres in the United Kingdom. The Group believes that it was a good opportunity for holding the property for long term investment purpose.

#### *Whole floor of 9 Queen's Road Central*

The property was acquired by the Group in May 2017. It is located at the 6th Floor of 9 Queen's Road Central, Hong Kong and is a commercial property with gross floor area of approximately 11,371 square feet. The property is currently used for commercial purpose and has been rented to various tenants. The Group believes that the property can provide a future stable income for the Group with the possibility of future long term appreciation in value.

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

Six office units and a carpark were acquired by the Group on 31 May and 30 June 2017, respectively. Those 6 office units are located on 30th, 29th and 13th floors of Universal Trade Centre, No. 3 Arbuthnot Road, Central, Hong Kong. Those office units have a total gross floor area of approximately 8,000 square feet. Those office units on 29th and 13th floors were acquired subject to tenancy, while those office units on 30th floor have been leased to an independent third party in August 2017.

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

This office unit was acquired by the Group on 9 May 2017. It 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, in June 2017, with the monthly rent of HK\$44,000, which was determined after arm's length negotiation with reference to the monthly rental of other similar premises in Hong Kong market and the professional valuation report.

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

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

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

This property was acquired by the Group on 31 July 2017. It 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 Hong Kong's prime commercial district, with a gross area of approximately 7,300 square feet. About 50% of the property has been leased out to an independent third party.

The Group is optimistic about the prospect of the Hong Kong office market and considered that those properties represent an good investment opportunity in Hong Kong office market and the Group will benefit from the long term appreciation of the price in commercial office in Hong Kong.

During the Period, the segment from property investment and trading business recorded a revenue of approximately HK\$14,644,000, representing approximately 2.3% of the Group's revenue for the Period and was increased by approximately 74.1% comparing with that of approximately HK\$8,411,000, including rental income in revenue of approximately HK\$5,516,000 and rental income in other income of approximately HK\$2,895,000, for the corresponding period of last financial year. This segment is expected to provide a significant and steady income source to the Group.

## **PROSPECTS**

The growth of Hong Kong economy remained moderate for the Period and the property market showed a brisk performance. The Hong Kong Government (the "Government") continued to put in significant effort to manage demand and reduce the possible risks to financial stability arising from an exuberant property market. The Government also sustained its effort of raising flat supply through land sale program and other terms of land supply sources. Looking forward, market sentiment in the near future may still be influenced by the US Federal Reserve's recent repeated hesitations in lifting interest rates and its balance sheet normalisation.

Despite the uncertainty in Hong Kong and global economy, we are confident that Hong Kong will remain relevant and vital in its own right and as part of China. With the purpose of offering better returns to the Shareholders, the Group decided to concentrate on property investment and trading, and development businesses. The Group believed that the business of property development and property investment and trading both locally and internationally can broaden the revenue base and benefit the Company and the Shareholders as a whole in the long run. The Group will continue to explore potential property investment and trading opportunities with a view to have a diversified and balanced portfolio and to provide steady income source to the Group. The Group is conscious to monitor and analyze the impact of the local and global economy so as to make cautious business decisions and to adjust our development plan if necessary so as to maximize the return to the Shareholders.

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

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed shares during the six months ended 31 December 2017.

## **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 of the Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by Directors throughout the six months ended 31 December 2017.

## **CORPORATE GOVERNANCE PRACTICES**

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

## **PRE-EMPTIVE RIGHTS**

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

## **AUDIT COMMITTEE**

The Company established an audit committee (the “Committee”) on 2 May 2002, with the latest written terms of reference adopted on 3 June 2016 in compliance with the Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process, risk management and internal control of the Group. The Committee comprises three independent non-executive Directors, namely Mr. Koo Fook Sun Louis, Mr. Lung Hung Cheuk and Ms. Yeung Wing Yan Wendy. The unaudited consolidated results of the Group for the six months ended 31 December 2017 have been reviewed by the Committee, who is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 12 February 2018

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