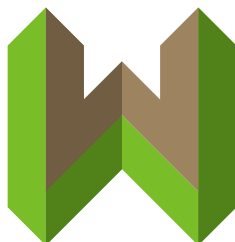


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## **WINFULL GROUP HOLDINGS LIMITED**

**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 2018**

#### **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 2018 (the “Year”), together with the comparative figures for the year ended 30 June 2017:

**CONSOLIDATED INCOME STATEMENT***For the year ended 30 June 2018*

	<i>Notes</i>	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue	4	<b>638,065</b>	18,512
Cost of sales		<b>(464,260)</b>	(1,868)
<b>Gross profit</b>		<b>173,805</b>	16,644
Other income	5	<b>15,329</b>	5,643
Administrative expenses and other operating expenses		<b>(30,921)</b>	(22,445)
Fair value gain on investment properties		<b>23,268</b>	9,077
Gain on disposal of an associate	11	<b>82,798</b>	–
Loss on disposal of a subsidiary		<b>(6,821)</b>	–
Finance costs		<b>(2,121)</b>	(801)
<b>Profit before income tax</b>	6	<b>255,337</b>	8,118
Income tax expense	7	<b>(45,004)</b>	(1,320)
<b>Profit for the year</b>		<b>210,333</b>	6,798
<b>Profit for the year attributable to:</b>			
Owners of the Company		<b>145,954</b>	7,106
Non-controlling interests		<b>64,379</b>	(308)
		<b>210,333</b>	6,798
<b>Earnings per share</b>	9		
Basic and diluted		<b>HK2.63 cents</b>	HK0.21 cents

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
<b>Profit for the year</b>	<b>210,333</b>	6,798
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to profit or loss:		
Net fair value (loss)/gain on available-for-sale financial assets	<b>(5,005)</b>	9,936
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	<b>(184)</b>	(865)
Exchange differences arising on translation of foreign operations	<b>(41)</b>	315
Release of non-controlling interests upon disposal of properties under development	<b>(63,913)</b>	–
	<hr/>	<hr/>
<b>Other comprehensive income for the year, net of tax</b>	<b>(69,143)</b>	9,386
	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<b>141,190</b>	16,184
	<hr/>	<hr/>
<b>Total comprehensive income for the year attributable to:</b>		
Owners of the Company	<b>140,724</b>	16,492
Non-controlling interests	<b>466</b>	(308)
	<hr/>	<hr/>
	<b>141,190</b>	16,184
	<hr/>	<hr/>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	<i>Notes</i>	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>87,563</b>	89,109
Investment properties		<b>998,852</b>	1,067,594
Interests in associates		–	–
Available-for-sale financial assets		<b>248,053</b>	80,360
Deposits for acquisition of property, plant and equipment		<b>13,023</b>	–
Deposits for acquisition of investment properties		<b>9,785</b>	25,419
		<b>1,357,276</b>	1,262,482
<b>Current assets</b>			
Amounts due from associates		–	–
Amounts due from a joint venture		–	11
Properties held for trading		<b>175,883</b>	46,379
Properties under development		–	450,192
Trade receivables	10	<b>2,706</b>	3,048
Prepayments, deposits and other receivables		<b>5,177</b>	3,253
Cash and bank balances		<b>511,508</b>	339,229
Pledged bank deposits		<b>64,599</b>	26,309
		<b>759,873</b>	868,421
Assets of a disposal group classified as held for sale	11	–	100,399
		<b>759,873</b>	968,820
<b>Current liabilities</b>			
Accrued expenses, other payables and deposits received		<b>33,281</b>	116,633
Borrowings		<b>106,139</b>	81,378
Amounts due to non-controlling shareholders		<b>16,009</b>	237,748
Provision for income tax		<b>25,435</b>	1,355
		<b>180,864</b>	437,114
<b>Net current assets</b>		<b>579,009</b>	531,706
<b>Total assets less current liabilities</b>		<b>1,936,285</b>	1,794,188

	<i>Notes</i>	<b>2018</b> <b>HK\$'000</b>	2017 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Borrowings		<b>20,308</b>	22,764
Deferred tax liabilities		<b>9,998</b>	3,638
		<u><b>30,306</b></u>	<u>26,402</u>
<b>Net assets</b>		<u><b>1,905,979</b></u>	<u>1,767,786</u>
<b>EQUITY</b>			
Share capital		<b>55,481</b>	55,481
Reserves		<b>1,851,486</b>	1,713,759
		<u><b>1,906,967</b></u>	<u>1,769,240</u>
<b>Equity attributable to owners of the Company</b>		<u><b>1,906,967</b></u>	<u>1,769,240</u>
<b>Non-controlling interests</b>		<b>(988)</b>	<b>(1,454)</b>
		<u><b>1,905,979</b></u>	<u>1,767,786</u>
<b>Total equity</b>		<u><b>1,905,979</b></u>	<u>1,767,786</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Equity attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Share premium account	Translation reserve	Share-based payment reserve	Revaluation reserve	Other reserve	Proposed final dividend	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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
Acquisition of a subsidiary	24,096	459,623	-	-	-	-	-	-	483,719	-	483,719
<b>Transactions with owners</b>	<b>24,096</b>	<b>459,623</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>483,719</b>	<b>-</b>	<b>483,719</b>
Profit for the year	-	-	-	-	-	-	-	7,106	7,106	(308)	6,798
Net fair value gain on available-for-sale financial assets	-	-	-	-	9,936	-	-	-	9,936	-	9,936
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	-	-	315	-	-	-	-	-	315	-	315
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>315</b>	<b>-</b>	<b>9,071</b>	<b>-</b>	<b>-</b>	<b>7,106</b>	<b>16,492</b>	<b>(308)</b>	<b>16,184</b>
<b>At 30 June 2017</b>	<b>55,481</b>	<b>1,568,267</b>	<b>91</b>	<b>11,074</b>	<b>6,770</b>	<b>4,377</b>	<b>-</b>	<b>123,180</b>	<b>1,769,240</b>	<b>(1,454)</b>	<b>1,767,786</b>

	Equity attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Share premium account	Translation reserve	Share-based payment reserve	Revaluation reserve	Other reserve	Proposed final dividend	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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	-	-	-
Release of other reserve upon disposal of properties under development	-	-	-	-	-	(2,997)	-	-	(2,997)	-	(2,997)
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,346)</b>	<b>-</b>	<b>(2,997)</b>	<b>-</b>	<b>2,346</b>	<b>(2,997)</b>	<b>-</b>	<b>(2,997)</b>
Profit for the year	-	-	-	-	-	-	-	145,954	145,954	64,379	210,333
Other comprehensive income:											
Net fair value losses on available-for-sale financial assets	-	-	-	-	(5,005)	-	-	-	(5,005)	-	(5,005)
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	-	-	-	-	(184)	-	-	-	(184)	-	(184)
Exchange differences arising on translation of foreign operations	-	-	(41)	-	-	-	-	-	(41)	-	(41)
Release of non-controlling interests upon disposal of properties under development	-	-	-	-	-	-	-	-	-	(63,913)	(63,913)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(41)</b>	<b>-</b>	<b>(5,189)</b>	<b>-</b>	<b>-</b>	<b>145,954</b>	<b>140,724</b>	<b>466</b>	<b>141,190</b>
2018 proposed final dividend	-	-	-	-	-	-	10,000	(10,000)	-	-	-
<b>At 30 June 2018</b>	<b>55,481</b>	<b>1,568,267</b>	<b>50</b>	<b>8,728</b>	<b>1,581</b>	<b>1,380</b>	<b>10,000</b>	<b>261,480</b>	<b>1,906,967</b>	<b>(988)</b>	<b>1,905,979</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

### 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 property investment and trading, property development and provision of renovation services. There were no significant changes in the Group’s operation during the year.

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

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

### 2. ADOPTION OF NEW AND AMENDED HKFRSs

#### 2.1 Adoption of new and amended HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 July 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Except as explained below, the adoption of these amendments has no material impact on the Group’s financial statements.

***Amendments to HKAS 7 – Disclosure Initiative***

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

***Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses***

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

***Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 12, Disclosure of Interests in Other Entities***

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to HKFRS 12 has no impact on these financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with disclosures relating to its interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.



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

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

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards <sup>1</sup>
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures <sup>1</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions <sup>1</sup>
HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) <sup>1</sup>
Amendments to HKAS 40	Transfers of Investment Property <sup>1</sup>
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>2</sup>
HKFRS 16	Leases <sup>2</sup>
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments <sup>2</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 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

Those new/revised HKFRSs that might have material impact on the Group's financial statements are set out below:

### ***Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions***

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

## ***HKFRS 9 – Financial Instruments***

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income (“FVTOCI”) if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss (“FVTPL”).

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Based on the Group’s financial instruments and risk management policies as at 30 June 2018, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

### Classification and measurement:

- Listed equity securities and listed debt investments classified as available-for-sale financial assets are currently measured at FVTOCI, which qualified for designation as measured at FVTOCI under HKFRS 9. Accordingly, these financial assets will continue to be subsequently measured at FVTOCI upon the application of HKFRS 9. Changes in fair value for listed equity securities will be recognised in other comprehensive income and are not reclassified to profit or loss. While changes in fair value for listed debts investments will be recognised in other comprehensive income and reclassified to profit or loss on derecognition;
- Unlisted equity securities and unlisted investment funds classified as available-for-sale financial assets are currently measured at cost less impairment, which are held for trading and therefore would be subsequently measured at fair value with fair value gains or losses to be recognised in other comprehensive income and are not reclassified to profit or loss under HKFRS 9.
- All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment:

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost and other items that are subject to the impairment provisions upon application of HKFRS 9 by the Group. However, management expects the effect would not be significant.

#### ***HKFRS 15 – Revenue from Contracts with customers***

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company anticipate that the application of HKFRS 15 will not have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

#### ***Amendments HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)***

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The directors of the Company anticipate that the application of amendments to HKFRS 15 will not have a material impact on the Group's results of operations and financial position.

### ***Amendments to HKAS 40 – Investment Property – Transfers of Investment Property***

The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred.

The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

The directors of the Company anticipate that the application of amendments to HKAS 40 will not have a material impact on the Group's results of operations and financial position.

### ***HK(IFRIC) – Int 22 – Foreign Currency Transactions and Advance Consideration***

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The directors of the Company anticipate that the application of the Interpretation will not have a material impact on the Group's results of operations and financial position.

### ***Amendments to HKFRS 9 – Prepayment Features with Negative Compensation***

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

The directors of the Company anticipate that the application of amendments to HKFRS 9 will not have a material impact on the Group's results of operations and financial position.

### ***HKFRS 16 – Leases***

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases” and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The directors of the Company do not anticipate that the application of HKFRS 16 will have a material impact on the Group's results of operations and financial position.

Except as described above, the directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the Group's consolidated financial statements in the future.

### 3. SEGMENT INFORMATION

The executive directors have identified the Group's three 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 (2017: Nil).

	<b>2018</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	<u>609,893</u>	<u>28,172</u>	<u>–</u>	<u>638,065</u>
Reportable segment profit/(loss)	<u>229,412</u>	<u>32,110</u>	<u>(19)</u>	<u>261,503</u>
Bank interest income	–	32	–	32
Depreciation	–	2,114	8	2,122
Fair value gain on investment properties	–	23,268	–	23,268
Gain on disposal of an associate	82,798	–	–	82,798
Loss on disposal of a subsidiary	–	(6,821)	–	(6,821)
Reportable segment assets	90	1,302,176	856	1,303,122
Additions to non-current assets	–	117,771	–	117,771
Reportable segment liabilities	<u>44,378</u>	<u>117,037</u>	<u>16</u>	<u>161,431</u>
	<b>2017</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	<u>–</u>	<u>17,536</u>	<u>976</u>	<u>18,512</u>
Reportable segment profit/(loss)	<u>(489)</u>	<u>23,157</u>	<u>7</u>	<u>22,675</u>
Bank interest income	–	14	–	14
Depreciation	–	359	8	367
Fair value gain on investment properties	–	9,077	–	9,077
Reportable segment assets	554,478	1,253,423	867	1,808,768
Additions to non-current assets	–	665,800	–	665,800
Reportable segment liabilities	<u>326,765</u>	<u>112,634</u>	<u>23</u>	<u>439,422</u>

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:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
<b>Revenue</b>		
Reportable segment revenue	<u>638,065</u>	<u>18,512</u>
Consolidated revenue	<u>638,065</u>	<u>18,512</u>
<b>Profit before income tax</b>		
Reportable segment profit	261,503	22,675
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	184	865
Interest income	10,941	4,233
Dividend income	310	498
Exchange gain/(loss), net	329	(1,422)
Corporate salaries and allowances	(10,360)	(10,940)
Corporate professional fees	(4,128)	(3,826)
Depreciation on corporate property, plant and equipment	(12)	(12)
Corporate rent and rates	–	(1,695)
Unallocated corporate income	556	–
Unallocated corporate expenses	<u>(3,986)</u>	<u>(2,258)</u>
Consolidated profit before income tax	<u>255,337</u>	<u>8,118</u>
<b>Assets</b>		
Reportable segment assets	1,303,122	1,808,768
Property, plant and equipment	2	13
Available-for-sale financial assets	248,053	80,360
Deposits for acquisition of property, plant and equipment	13,023	–
Corporate cash and bank balances	484,326	315,114
Pledged bank deposits	64,599	26,309
Amounts due from a joint venture	–	11
Interest receivables	3,977	712
Other corporate assets	<u>47</u>	<u>15</u>
Consolidated total assets	<u>2,117,149</u>	<u>2,231,302</u>
<b>Liabilities</b>		
Reportable segment liabilities	161,431	439,422
Corporate bank borrowings	49,425	23,276
Other corporate liabilities	<u>314</u>	<u>818</u>
Consolidated total liabilities	<u>211,170</u>	<u>463,516</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 customer		Non-current assets	
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Hong Kong	632,632	18,512	1,267,343	1,262,482
United Kingdom	5,433	–	81,852	–
Japan	–	–	8,081	–
	<u>638,065</u>	<u>18,512</u>	<u>1,357,276</u>	<u>1,262,482</u>

The geographical location of customers is based on the location at which the services were provided and the goods were delivered. The geographical location of non-current assets is based on the physical location of the assets.

During the year, there was neither revenue from external customers attributable to the Cayman Islands (domicile) (2017: Nil) nor non-current assets were located in the Cayman Islands (2017: Nil). The country of domicile is the country where the Company was incorporated.

Revenue from the major customers is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Customer A ( <i>note i</i> )	–	5,808
Customer B ( <i>note i</i> )	–	2,768
Customer C ( <i>note i</i> )	–	2,493
Customer D ( <i>note ii</i> )	<u>609,893</u>	–
	<u>609,893</u>	<u>11,069</u>

*Notes:*

- (i) derived from the Property Investment and Trading Business.
- (ii) derived from the Property Development Business.

#### 4. REVENUE

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Sale of properties under development	609,893	–
Rental income from investment properties	28,172	17,536
Renovation service income	–	976
	<u>638,065</u>	<u>18,512</u>

#### 5. OTHER INCOME

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interest income	10,973	4,247
Dividend income	310	498
Exchange gain, net	329	–
Rental income from properties held for trading	1,319	–
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	184	865
Sundry income	2,214	33
	<u>15,329</u>	<u>5,643</u>

#### 6. PROFIT BEFORE INCOME TAX

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit before income tax is arrived at after charging/ (crediting) the following:		
Auditor's remuneration	480	450
Cost of inventories recognised as expense, including:		
Cost of properties sold	463,098	–
Depreciation	2,134	379
Employee costs	18,320	10,940
Exchange (gain)/losses, net	(329)	1,422
Fair value gain on investment properties	(23,268)	(9,077)
Gain on disposal of an associate	(82,798)	–
Loss on disposal of a subsidiary	6,821	–
Minimum lease payments under operating lease rentals for land and buildings	–	2,210
	<u>–</u>	<u>2,210</u>



## 7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year. No Hong Kong profits tax has been provided as the Group had no estimated assessable profits arising in or derived from Hong Kong for the year ended 30 June 2017. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

Income tax in the consolidated income statement is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
<b>Current tax – Hong Kong</b>		
Provision for the year	37,100	–
Under-provision in respect of prior years	19	562
	<u>37,119</u>	<u>562</u>
<b>Current tax – Overseas</b>		
Provision for the year	786	758
	<u>37,905</u>	<u>1,320</u>
<b>Deferred tax charge</b>	7,099	–
<b>Total income tax expense</b>	<u>45,004</u>	<u>1,320</u>

Reconciliation between tax expense and accounting profit at applicable tax rates:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit before income tax	<u>255,337</u>	<u>8,118</u>
Notional tax on profit or loss before income tax, calculated at the rates applicable to profits in the countries concerned	42,395	1,687
Tax effect of non-deductible expenses	3,451	2,049
Tax effect of non-taxable revenue	(8,127)	(4,428)
Tax effect of temporary difference not recognised	6,793	37
Tax effect of unused tax losses not recognised	473	1,413
Under-provision in prior years	19	562
Income tax expense	<u>45,004</u>	<u>1,320</u>

## 8. DIVIDENDS

At a meeting held on 27 September 2018, the directors recommended a final dividend of HK0.18 cents per ordinary share. Those proposed dividends are not reflected as a dividend payable in these financial statements, but reflected as an appropriation of retained earnings for the year ended 30 June 2018.

## 9. EARNINGS PER SHARE

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

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit for the year, attributable to owners of the Company	<u>145,954</u>	<u>7,106</u>
<b>Number of shares</b>	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>5,548,126</b>	3,395,967
Effect of dilutive potential ordinary shares in respect of the Company's share option scheme	<u>–</u>	<u>107</u>
Weighted average number of shares for the purpose of diluted earnings per share	<u><b>5,548,126</b></u>	<u>3,396,074</u>

For the year ended 30 June 2018, diluted earnings per share attributable to owners of the Company are the same as basic loss per share as the impact of the exercise of share options was anti-dilutive.

## 10. TRADE RECEIVABLES

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

Based on the invoice dates, all trade receivables as at 30 June 2018 and 30 June 2017 were aged within 90 days.

All trade receivables are subject to credit risk exposure. Impairment on trade receivables is recognised when the debts are identified to be irrecoverable.

Based on the due dates, no trade receivables as at 30 June 2018 and 30 June 2017 was past due nor impaired.

As at 30 June 2018, there was no amount denominated in a currency other than the functional currency of the entity to which they relate (2017: Nil).

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

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

## 11. ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

In May 2017, the Group, the associate partner (the "Associate Partner", together with the Group collectively referred to as the "Vendors") and the purchaser (the "Purchaser") entered into the formal sale and purchase agreement (the "Agreement") with the Purchaser, pursuant to which the Purchaser had conditionally agreed to acquire and the Vendors had conditionally agreed to sell the sale shares and the sale loan of Apex Plan Limited ("Apex Plan") in which the Group and the Associate Partner hold 30% and 70% equity interest respectively. As a result, share of net assets of associates and amount due from associates were presented as assets of a disposal group classified as held for sale in accordance with Hong Kong Financial Reporting Standard 5. The disposal group was engaged in the business of property redevelopment project at 18-32 Junction Road, Hong Kong.

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
At 1 July	<b>100,399</b>	–
Transfer from share of net assets	–	–
Transfer from amounts due from associates	<b>178,029</b>	100,399
Disposals	<b>(278,428)</b>	–
	<hr/>	<hr/>
At 30 June	<b>–</b>	100,399
	<hr/>	<hr/>

On 28 March 2018, the Group disposed of all of its 30% equity interest in Apex Plan at a cash consideration of approximately HK\$385,562,000, resulting in a gain on disposal of approximately HK\$82,798,000. The disposal was completed on 28 March 2018.

	<b>2018</b> <i>HK\$'000</i>
Sales consideration received for 30% ownership interest	<b>385,562</b>
Carrying value of 30% ownership interest	–
Assignment of debt – Amounts due from associates	<b>(278,428)</b>
Transaction costs	<b>(24,336)</b>
	<hr/>
Gain on disposal of an associate	<b>82,798</b>
	<hr/>

Upon completion of the disposal, Apex Plan ceased to be classified as an associate.

## 12. MATERIAL RELATED PARTY TRANSACTIONS

### 12.1 The following transactions were carried out with the related parties:

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Rental expenses paid to a related company owned by one of the substantial shareholders of the Company	–	1,504
Professional fees paid to a related company in which one director of the Company is a partner	<b>1,117</b>	–
	<hr/>	<hr/>
	<b>1,117</b>	1,504
	<hr/>	<hr/>
Rental income on investment properties, received from a related company owned by one of the substantial shareholders of the Company	<b>506</b>	–
	<hr/>	<hr/>

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.

### 12.2 Key management personnel compensation

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Short-term employee benefits	<b>16,406</b>	9,295
	<hr/>	<hr/>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERVIEW**

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

During the Year, 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 two trading properties, which are commercial properties in Hong Kong.

The Hong Kong economy sustained strong momentum in the second half of the Year, expanding by 3.5% over a year earlier. Global economic growth remained robust rendering strong support to the Hong Kong economy. As the US economy maintained above-trend growth with inflation hovering around the Federal Reserve's target level, the market increasingly expected that US interest rates would rise faster than earlier expected. The euro-area economy continued to expand moderately. The Mainland economy stayed on course of a medium-high growth pace.

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 Year amid strong economic conditions. A still tight demand-supply balance of flats and generally low local interest rates. Trading activities remained active and flat prices continued to rise. For commercial and industrial property markets, most market segments show pick-up for the Year. Prices and rentals recorded further increases, while transactions turned active in general. For retail shop space, sale prices and rentals went up slightly for the Year. The average rental yield stays unchanged.

### **FINANCIAL REVIEW**

For the Year, the Group recorded a turnover of approximately HK\$638,065,000, representing an increase of approximately 3,347% comparing with that of approximately HK\$18,512,000 for the last financial year. The improvement in turnover was mainly attributed to the increase in turnover from the property development business as a result of the disposal of its 51% equity interest in and all outstanding shareholdings' loan of Plan Link Limited, which holds a development project at Nos. 142-154 Carpenter Road, Kowloon, Hong Kong (the "Carpenter Road Property Project").

Profit before income tax of the Group for the Year was approximately HK\$255,337,000, representing an increase of approximately 3,045% comparing with that of approximately HK\$8,118,000 for the last financial year. The profit for the current Year was mainly attributable to (i) an one-off gain derived from the disposal of its 51% equity interest and all outstanding shareholders' loan in the Carpenter Road Property Project, as disclosed in the circular of the Company dated 28 September 2017; (ii) an one-off gain derived from the disposal of its 30% equity interest in and all outstanding shareholdings' loan of Apex Plan Limited, which holds a development project at Nos. 18-32 Junction Road, Kowloon, Hong Kong (the "Junction Road Property Project"), as disclosed in the circular of the Company dated 9 June 2017; (iii) an increase in fair value gain on investment properties; and (iv) the growth in business revenue from the property investment and trading business due to the acquisition of a number of new investment properties and property held for trading during the year ended 30 June 2017 and the Year. Thus, the profit attributable to shareholders of the Company (the "Shareholders") for the Year amounted to approximately HK\$145,954,000, comparing with that of approximately HK\$7,106,000 for the last financial year.

## **BUSINESS OVERVIEW**

### **Property Development Business**

During the Year, the Group was 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 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. The occupation permit of the project has been approved on 31 May 2016 and the development work was completed in October 2017.

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 was taken place on 28 March 2018 and a gain on disposal of approximately HK\$82,798,000 was recognised by the Group for the Year. 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.

In respect of 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 project. Further, the proceeds from that disposal can reduce the overall gearing of the Group.

On 1 June 2017, the Group and its joint venture partners, as vendors and guarantors, entered into 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 was taken place on 21 September 2017 and a gain on disposal of approximately HK\$146,795,000 was recognised by the Group for the Year. 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.

The Group considers that both disposals represent a good opportunity for realisation of the Group's property development projects. Further, the proceeds from both disposals can further strengthen the cash position of the Group and will allow the Group to reallocate its resources for its principal activities. The Group will continue to explore the best possible property development project both in Hong Kong and overseas as well as to enhance the benefit of the Shareholders while overcoming the challenges ahead.

### **Property Investment and Trading**

During the Year, the Group has nine 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 Nos. 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 the Central Fly Limited, which hold the property, for cash consideration of HK\$206,000,000. The completion of the transaction was taken 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 could further strengthen the cash position of the Group and allowed 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 and 26 June 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 construction of the advertising steel frame and LED signage was completed in the third quarter of the Year. The Group is 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 Year. One of the leases, which occupied approximately 30% of the floor, has been expired in the 4th quarter of the Year and is now looking for potential tenant.

*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 and diversification of the properties portfolio.

*Whole floor of 9 Queen's Road Central*

The property 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. A portion of the property is currently used by the Group as 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 future stable income with the possibility of future long term appreciation in value.

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

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 have been leased to independent third parties.



On 15 August 2018, the Group, as vendor, entered into formal sale and purchase agreements with an independent third party to dispose of the entire equity interest and all debts owing to the Group by those two subsidiaries, which hold 2 office units on 29th floor with a total gross floor area of approximately 2,500 square feet, for cash consideration of approximately HK\$52,740,000. The completion of the transaction will take place on 19 October 2018. The Group considers that the disposal represents a good opportunity for realisation of the Group's investment properties.

*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, 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.

*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 area of approximately 7,300 square feet. About half of the property has been leased out to an independent third party.

*Shops and signage at Lime Stardom Tai Kok Tsui*

Two retail shops and 2 signages were acquired by the Group on 5 March 2018. The shops are located 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. Both shops have been leased to independent third party with acceptable yield.

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

During the Year, the segment from property investment and trading business recorded a total rental income of approximately HK\$29,491,000 (2017: approximately HK\$17,536,000), including revenue of approximately HK\$28,172,000 (2017: approximately HK\$17,536,000) and rental income in other income of approximately HK\$1,319,000 (2017: Nil). This segment is expected to provide a significant and steady income source to the Group.



## PROSPECTS

The Hong Kong economy sustained strong year-on-year growth of over 3% for the Year and the property market showed a brisk performance for the Year. Raising flat supply through increasing land supply is Government's top policy priority in ensuring a healthy development of the property market. The Government would continue to put up sales suitable sites in the coming year to meet the annual target.

While the global economy sustained its strong momentum so far this Year, external uncertainties increased markedly toward the end of the Year, as a result of the escalation of the US' trade conflicts with the Mainland and other major economies. This could weigh on global economic sentiment as well as trade and investment activities going forward. Moreover, as the US economy maintained above-trend growth with inflation hovering around the target level, the market increasing expected that US interest rate would rise faster than earlier expected. As the monetary policy normalization in the US proceeded further, interest rates in Hong Kong will generally picked up in the near future.

With a view to broaden the revenue base, a new segment of business for investment and trading in securities has been set up after the year end. The Group will maintain a portfolio stocks and other investments products which generate high yield. The Group will take 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.

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 developments and property investment and trading both locally and internationally, together with new business segment of the investment and trading in securities, 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 and securities 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.

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

As at 30 June 2018, the Group had net current assets of approximately HK\$579,009,000 (2017: approximately HK\$531,706,000) including cash and bank balances of approximately HK\$511,508,000 (2017: approximately HK\$339,229,000).

The gearing ratio was approximately 6.0% as at 30 June 2018 (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 Year when compared to 30 June 2017 due to additional foreign currency bank loans for acquisition of available-for-sale financial assets during the Year.

During the Year, the Group financed its operations with its own working capital and bank borrowings. As at 30 June 2018, the unsecured and secured bank borrowing of the Group was approximately HK\$126,447,000 (2017: approximately HK\$104,142,000), in which approximately HK\$71,811,000 (2017: approximately HK\$45,278,000) are repayable within a period of not exceeding 5 years and approximately HK\$54,636,000 are repayable beyond 5 years (2017: approximately HK\$58,864,000), and there was no other borrowing as at 30 June 2018 (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 document 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 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 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.

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

	Cost as at 30 June 18 HK\$'000	Carrying amount as at 30 June 18 HK\$'000	Outstanding commitment as at 30 June 18 HK\$'000	Total of carrying amount and commitment as at 30 June 18 HK\$'000	Gain/(loss) in fair value during the Year HK\$'000	Gain/(loss) on disposal during the Year HK\$'000	Dividends/ interests received during the Year HK\$'000
<i>NON-CURRENT</i>							
Listed equity securities – Hong Kong	13,638	15,430	–	15,430	1,813	–	543
Listed debts investments – Hong Kong	48,943	45,831	–	45,831	(3,178)	–	1,385
Listed debts investment – outside Hong Kong	62,528	58,517	–	58,517	(4,465)	(455)	2,080
Unlisted equity investment – outside Hong Kong	52,624	53,441	83,513	136,954	–	–	–
Unlisted investment fund	77,641	74,834	84,228	159,062	825	639	324
	<u>255,374</u>	<u>248,053</u>	<u>167,741</u>	<u>415,794</u>	<u>(5,005)</u>	<u>184</u>	<u>4,332</u>

The total size of carrying amount and outstanding commitment for each of those investments as at 30 June 2018 represents approximately 0.10% to 1.85% of the total assets of the Group as at 30 June 2018. 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 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 2018, the leasehold properties and certain investment properties with carrying amount of approximately HK\$85,848,000 and approximately HK\$542,852,000 (2017: approximately HK\$87,600,000 and approximately HK\$529,994,000) respectively and bank deposits of approximately HK\$64,599,000 (2017: approximately HK\$26,309,000) were pledged to secure bank borrowings for the Group.

## CONTINGENT LIABILITIES

As at 30 June 2018, the Company has no guarantees (2017: HK\$210,000,000 in respect of the banking facilities of the associate for the Junction Road Property Project).

## LEASE AND CONTRACTED COMMITMENTS

### As lessee

At 30 June 2018, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Within one year	<b>144</b>	–
In the second to fifth years	<b>132</b>	–
	<b>276</b>	–

The Group lease a property under an operating lease. The lease runs for an initial period two years, with an option to renew the lease and renegotiated the terms at the expiry date or at date as mutually agreed between the Group and respective lessor. As at 30 June 2018, none of the lease includes contingent rental.

### As lessor

At 30 June 2018, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Within one year	<b>29,189</b>	27,634
In the second to fifth years	<b>26,559</b>	47,684
Later than five years	–	10,141
	<b>55,748</b>	85,459

The Group leases its properties under operating lease arrangements which run for an initial period of two to fifteen years (2017: 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.

## CAPITAL COMMITMENTS

	<b>2018</b>	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for:		
Available-for-sale financial assets	<b>167,741</b>	71,906
Investment properties	<b>23,415</b>	110,820
Property, plant and equipment	–	517
	<hr/> <b>191,156</b>	<hr/> 183,243

## FOREIGN EXCHANGE EXPOSURE

The Group's income and expenditure during the Year were denominated in United States dollars ("US\$"), British Pound ("GBP"), Euro ("EUR"), Japanese Yen ("JPY"), and HK dollars ("HK\$"), and most of the assets and liabilities as at 30 June 2018 were denominated in US\$, GBP, EUR and JPY, and HK\$. Accordingly, the Board is of the view that, to a certain extent, the Group is exposed to foreign currency exchange risk. For the US\$ foreign exchange exposure, the Board believes the exposure is small as the exchange rate of US\$ to HK\$ is comparatively stable. However, the Group is exposed to GBP, EUR and JPY foreign exchange exposure and fluctuation of exchange rates of GBP, EUR and JPY against HK\$ could affect the Group's results of operations. During the Year, foreign currency banking facilities for GBP, EUR and JPY were arranged for acquisition of properties and investments in these currencies to hedge for foreign exchange exposure.

## 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. HK\$42.1 million and HK\$12.4 million were used up as at 30 June 2018 for property development and administrative and other operating expenses of the Group, respectively.

## **TREASURY POLICIES**

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

## **SEGMENT INFORMATION**

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

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2018, the Group had 13 (2017: 12) employees, including the Directors. Total staff costs (including Directors' emoluments) were approximately HK\$18,320,000 for the Year as compared to approximately HK\$10,940,000 in last year. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and share option scheme.

## **DIVIDEND**

The Board has recommended the payment of a final dividend of HK0.18 cents per share of the Company (the "Share") for the Year (2017: nil), subject to the approval of the Shareholders at the forthcoming annual general meeting. Such proposed dividend will be payable on or around 3 January 2019 to the Shareholders whose names appear on the register of members of the Company at close of business on 11 December 2018. The final dividend for the Year is HK0.18 cents per Share (2017: nil), which will absorb approximately HK\$10 million as at the date of this announcement.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 27 November 2018 to Friday, 30 November 2018, both days inclusive, during which period no transfer of Shares will be registered. In order to attend the forthcoming annual general meeting of the Company, all transfer of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrars in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 26 November 2018.

The register of members of the Company will be closed from Friday, 7 December 2018 to Tuesday, 11 December 2018 (both dates inclusive), during which period no transfer of Shares will be registered. In order to qualify for the final dividend, all transfers of Shares, accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrars in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 6 December 2018.

## **CORPORATE GOVERNANCE PRACTICES**

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

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

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") 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 Year.

## **REMUNERATION COMMITTEE**

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

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

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

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



## NOMINATION COMMITTEE

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

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

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

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

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

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

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

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



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

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

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

## **AUDIT COMMITTEE**

According to the Listing Rules, the Company has to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The audit committee of the Company (the “Audit Committee”) was established on 2 May 2002 with the latest written terms of reference adopted on 3 June 2016. During the Year, the Audit Committee was chaired by Mr. Koo and as at the date of this announcement, all Audit Committee members are independent non-executive Directors, namely Mr. Koo, Mr. Lung and Ms. Yeung.

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

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

The Audit Committee held 4 meetings during the Year and had reviewed the audited consolidated financial statements for the year ended 30 June 2017 and the unaudited consolidated financial statements for the three months ended 30 September 2017, six months ended 31 December 2017 and nine months ended 31 March 2018 respectively, with the recommendations to the Board for approval; and to review the accounting principles and policies adopted by the Group and its financial reporting functions and risk management and internal control systems. During the Year, the Audit Committee met the Company’s auditor three times.

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

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

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

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

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

## **APPRECIATION**

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

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

Hong Kong, 27 September 2018

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