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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 2018

#### 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 2018 (the "Period") together with the comparative unaudited figures for the corresponding periods in 2017 as follows:

#### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2018

	Notes	Six months ended 31 December	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	5	13,103	624,587
Cost of sales		(527)	(463,731)
<b>Gross profit</b>		<b>12,576</b>	160,856
Other income	5	11,515	6,828
Administrative expenses and other operating expenses		(19,352)	(14,917)
Reclassified from equity to profit or loss on disposals of debt instruments at fair value through other comprehensive income		(2,540)	–
Fair value gain on investment properties		12,807	5,808
Gain/(loss) on disposal of a subsidiary		9,055	(6,804)
Finance costs		(1,426)	(942)
<b>Profit before income tax</b>	6	<b>22,635</b>	150,829
Income tax expense	7	(797)	(658)
<b>Profit for the period</b>		<b>21,838</b>	150,171
<b>Profit for the period attributable to:</b>			
Owners of the Company		21,798	72,871
Non-controlling interests		40	77,300
		<b>21,838</b>	150,171
<b>Profit per share for profit attributable to owners of the Company for the period</b>			
Basic and diluted	9	HK0.39 cent	HK1.31 cent

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2018

	Six months ended 31 December	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
<b>Profit for the period</b>	<b>21,838</b>	150,171
<b>Other comprehensive income</b>		
Item that will not be reclassified to profit or loss:		
Changes in fair value of equity instruments at fair value through other comprehensive income	2,400	–
Items that may be reclassified subsequently to profit or loss:		
Net fair value gain on available-for-sale financial assets	–	2,697
Changes in fair value of debt instruments at fair value through other comprehensive income	(829)	–
Reclassified from equity to profit or loss on disposals of debt instruments at fair value through other comprehensive income	2,540	–
Exchange differences arising on translation of foreign operations	2,708	136
Release of other reserve upon disposal of properties under development	–	(2,997)
<b>Other comprehensive income for the period, net of tax</b>	<b>6,819</b>	(164)
<b>Total comprehensive income for the period</b>	<b>28,657</b>	150,007
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	28,617	72,707
Non-controlling interests	40	77,300
	<b>28,657</b>	150,007

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

		At 31 December 2018 HK\$'000 (Unaudited)	At 30 June 2018 HK\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		98,918	87,563
Investment properties		986,610	998,852
Interests in associates		–	–
Available-for-sale financial assets	10	–	248,053
Equity instruments at fair value through other comprehensive income	11	210,488	–
Debt instruments at fair value through other comprehensive income	12	74,565	–
Deposits for acquisition of property, plant and equipment		–	13,023
Deposits for acquisition of investment properties		3,408	9,785
		<b>1,373,989</b>	1,357,276
<b>Current assets</b>			
Amounts due from associates		–	–
Properties held for trading		175,883	175,883
Properties under development		14,298	–
Trade receivables	13	4,109	2,706
Prepayments, deposits and other receivables		4,531	5,177
Financial assets at fair value through profit or loss	14	3,873	–
Cash and bank balances		485,519	511,508
Pledged bank deposits		82,051	64,599
		<b>770,264</b>	759,873
<b>Current liabilities</b>			
Accrued expenses, other payables and deposits received		9,640	33,281
Borrowings		126,052	106,139
Amounts due to non-controlling shareholders		16,009	16,009
Provision for income tax		24,754	25,435
		<b>176,455</b>	180,864
<b>Net current assets</b>		<b>593,809</b>	579,009
<b>Total assets less current liabilities</b>		<b>1,967,798</b>	1,936,285
<b>Non-current liabilities</b>			
Borrowings		18,078	20,308
Deferred tax liabilities		9,998	9,998
		<b>28,076</b>	30,306
<b>Net assets</b>		<b>1,939,722</b>	1,905,979
<b>EQUITY</b>			
Share capital	15	55,481	55,481
Reserves		1,885,189	1,851,486
<b>Equity attributable to owners of the Company</b>		<b>1,940,670</b>	1,906,967
<b>Non-controlling interests</b>		<b>(948)</b>	(988)
<b>Total equity</b>		<b>1,939,722</b>	1,905,979

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2018

	Six months ended 31 December	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities	<b>(36,626)</b>	603,353
Net cash generated from/(used in) investing activities	<b>8,966</b>	(86,187)
Net cash generated from/(used in) financing activities	<b>17,683</b>	(268,371)
Net (decrease)/increase in cash and cash equivalents	<b>(9,977)</b>	248,795
Cash and cash equivalents at beginning of period	<b>302,291</b>	178,136
Effect of foreign exchange rate change	<b>2,708</b>	(364)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<b>295,022</b>	426,567
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<b>37,748</b>	72,024
Short-term deposits	<b>257,274</b>	354,543
	<b>295,022</b>	426,567

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2018

	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)	Proposed final dividend 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	-	-	-
<b>Transaction with owners</b>	-	-	-	(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)
<b>Total comprehensive income for the period</b>	-	-	136	-	2,697	(2,997)	-	72,871	72,707	577	73,284
<b>At 31 December 2017</b>	55,481	1,568,267	227	8,728	9,467	1,380	-	198,397	1,841,947	(877)	1,841,070

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2018

	Equity attributable to owners of the Company										
	Share capital	Share premium account	Translation reserve	Share-based payment reserve	Revaluation reserve	Other reserve	Proposed final dividend	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 July 2018	55,481	1,568,267	50	8,728	1,581	1,380	10,000	261,480	1,906,967	(988)	1,905,979
Initial application of HKFRS 9 (note 3)	-	-	-	-	2,125	-	-	-	2,125	-	2,125
Restated balance at 1 July 2018	55,481	1,568,267	50	8,728	3,706	1,380	10,000	261,480	1,909,092	(988)	1,908,104
Equity-settled share-based payment	-	-	-	2,961	-	-	-	-	2,961	-	2,961
Lapse of share options	-	-	-	(444)	-	-	-	444	-	-	-
<b>Transaction with owners</b>	-	-	-	2,517	-	-	-	444	2,961	-	2,961
Profit for the period	-	-	-	-	-	-	-	21,798	21,798	40	21,838
Other comprehensive income:											
Change in fair value of equity instruments at fair value through other comprehensive income	-	-	-	-	2,400	-	-	-	2,400	-	2,400
Change in fair value of debts instruments at fair value through other comprehensive income	-	-	-	-	(829)	-	-	-	(829)	-	(829)
Reclassified from equity to profit or loss on disposals of debt instruments at fair value through other comprehensive income	-	-	-	-	2,540	-	-	-	2,540	-	2,540
Exchange differences arising on translation of foreign operations	-	-	2,708	-	-	-	-	-	2,708	-	2,708
<b>Total comprehensive income for the period</b>	-	-	2,708	-	4,111	-	-	21,798	28,617	40	28,657
<b>At 31 December 2018</b>	<b>55,481</b>	<b>1,568,267</b>	<b>2,758</b>	<b>11,245</b>	<b>7,817</b>	<b>1,380</b>	<b>10,000</b>	<b>283,722</b>	<b>1,940,670</b>	<b>(948)</b>	<b>1,939,722</b>

## 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 investment and trading in securities. Apart from the new principal segment of business for investment and trading in securities, 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 22 February 2019.

### 2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2018 (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 have been prepared with the same accounting policies adopted in the annual financial statements of the Group for the year ended 30 June 2018 (the "2018 Annual Financial Statements"), except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2018. This is the first set of the Group's financial statements in which HKFRS 9 and HKFRS 15 have been adopted. Details of any changes in accounting policies are set out in note 3.

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 2018 Annual Financial Statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

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 2018 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, equity/debt instruments at fair value through other comprehensive income 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.

### 3. CHANGES IN HKFRSS

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 9, Financial Instruments
- HKFRS 15, Revenue from Contracts with Customers
- HK(IFRIC)-Interpretation 22, Foreign Currency Transactions and Advance Considerations
- Amendments to HKFRS 2, Classification and Measurement of Share-based Payment Transactions
- Amendments to HKAS 28 included in Annual Improvements to HKFRSs 2014-2016 Cycle, Investments in Associates and Joint Ventures
- Amendments to HKAS 40, Transfers of Investment Property
- Amendments to HKFRS 1 included in Annual Improvements to HKFRSs 2014-2016 Cycle, First-time Adoption of Hong Kong Financial Reporting Standards

The impact of the adoption of HKFRS 9 Financial Instruments (see note 3A below) and HKFRS 15 Revenue from Contracts with Customers (see note 3B below) have been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2018 did not have any material impact on the Group's accounting policies.

#### A. HKFRS 9 Financial Instruments ("HKFRS 9")

##### (i) *Classification and measurement of financial instruments*

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the condensed consolidated interim financial statements.

The following tables summarised the impact, net of tax, of transition to HKFRS 9 on the opening balance of reserves as of 1 January 2018 as follows (increase/(decrease)):

	HK\$'000
<b>Revaluation reserve</b>	
<b>Reserves balances at 30 June 2018</b>	1,581
Reclassify investment from available-for-sale at cost to FVOCI (note 3A(i) below)	2,125
<b>Restated reserves balances at 1 July 2018</b>	<b>3,706</b>



### 3. CHANGES IN HKFRSS (cont'd)

#### A. HKFRS 9 Financial Instruments ("HKFRS 9") (cont'd)

##### (i) Classification and measurement of financial instruments (cont'd)

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### 3. CHANGES IN HKFRSS (cont'd)

#### A. HKFRS 9 Financial Instruments ("HKFRS 9") (cont'd)

(i) *Classification and measurement of financial instruments (cont'd)*

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised costs	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
FVOCI (debt investments)	Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
FVOCI (equity investments)	Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

- (a) As of 1 July 2018, certain investment in listed equity investments were reclassified from available-for-sale financial assets to FVOCI. The Group intends to hold these equity investments for long term strategic purposes. Under HKFRS 9, the Group has designated these equity investments at the date of initial application as measured at FVOCI. As a result, financial assets with a fair value of HK\$15,430,000 were reclassified from available-for-sale financial assets at fair value to equity investments at FVOCI.
- (b) In addition to (a) above, listed debt investments were reclassified from available-for-sale to FVOCI, as the Group's business model is to collect contractual cash flow and sell these financial assets. These listed debt investments meet the SPPI criterion. As such, listed debt investments with a fair value of HK\$104,348,000 were reclassified from available-for-sale investments to debt investments at FVOCI.
- (c) As of 1 July 2018, unquoted equity investments were reclassified from available-for-sale financial assets at cost to FVOCI. These unquoted equity instrument has no quoted price in an active market. The Group intends to hold these unquoted equity investment for long term strategic purposes. In addition, the Group has designated such unquoted equity instrument at the date of initial application as measured at FVOCI. As at 1 July 2018, the difference between the previous carrying amount and the fair value of HK\$1,831,000 has been included in the opening FVOCI reserve.

### 3. CHANGES IN HKFRSS (cont'd)

#### A. HKFRS 9 Financial Instruments ("HKFRS 9") (cont'd)

##### (i) Classification and measurement of financial instruments (cont'd)

(d) As of 1 July 2018, certain unquoted investment funds were reclassified from available-for-sale to FVOCI, as the Group's business model is to collect contractual cash flow and sell these financial assets. These unquoted debt investments meet the SPPI criterion. As such, unquoted investment funds with a fair value of HK\$30,804,000 were reclassified from available-for-sale investments to equity investments at FVOCI reserve.

(e) In addition to (d) above, certain unquoted investment funds were reclassified from available-for-sale financial assets at cost to FVOCI, as the Group's business model is to collect contractual cash flow and sell these financial assets. These unquoted debt investments meet the SPPI criterion. As at 1 July 2018, the difference between the previous carrying amount and the fair value of HK\$294,000 has been included in the opening FVOCI.

The following table summarizes the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 July 2018:

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 1 July 2018 under HKAS 39	Carrying amount as at 1 July 2018 under HKFRS 9
			HK\$'000	HK\$'000
Listed equity investments	Available-for-sale (at fair value) (note 3A(i)(a))	FVTPL	15,430	15,430
Listed debt investments	Available-for-sale (at fair value) (note 3A(i)(b))	FVOCI	104,348	104,348
Unlisted equity investments	Available-for-sale (at cost) (note 3A(i)(c))	FVOCI	61,155	62,986
Unlisted investment funds	Available-for-sale (at fair value) (note 3A(i)(d))	FVOCI	30,804	30,804
Unlisted investment funds	Available-for-sale (at cost) (note 3A(i)(e))	FVOCI	36,316	36,610
Amounts due from associate	Loans and receivables	Amortised cost	–	–
Amounts due from a joint venture	Loans and receivables	Amortised cost	–	–
Trade receivables	Loans and receivables	Amortised cost	2,706	2,706
Other receivables	Loans and receivables	Amortised cost	4,868	4,868
Cash and bank balance	Loans and receivables	Amortised cost	511,508	511,508
Pledged bank deposits	Loans and receivables	Amortised cost	64,599	64,599

### 3. CHANGES IN HKFRSS (cont'd)

#### A. HKFRS 9 Financial Instruments ("HKFRS 9") (cont'd)

##### (ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognise ECL for trade receivables and equity/debt investment at FVOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

##### **Measurement of ECLs**

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

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

For other debt financial assets, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group's debt investment at FVOCI are considered to have low credit risk since the issuers' credit rating are high.

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

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

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

##### **Presentation of ECLs**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investment at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the assets.

##### **Impact of the ECL model**

The Group concluded that the impact of ECLs on financial assets is insignificant as at 1 July 2018.

### 3. CHANGES IN HKFRSS (cont'd)

#### A. HKFRS 9 Financial Instruments ("HKFRS 9") (cont'd)

##### (iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 30 June 2018, but are recognised in the statement of financial position on 1 July 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 July 2018. Accordingly, the information presented for the year ended 30 June 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "DIA"):

- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- The designation of certain investments in equity investments not held for trading as at FVOCI.

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

#### B. HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 July 2018). As a result, the financial information presented for the year ended 30 June 2018 has not been restated.

The Group assessed the impacts of adopting IFRS 15 on its financial statements. Based on the assessment, the adoption of IFRS 15 has no significant impact on the Group's revenue recognition. Rental income from investment properties is specifically excluded from the scope of the new standard.

#### 4. 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
Renovation Business:	Provision of renovation services
Securities Investment and Trading Business:	Investment and trading in securities
Money Lending Business:	Provision of money lending services

Each of these operating segments is managed separately as each of the product and service line requires different resources as well as marketing approaches. All inter-segment transfers are priced with reference to prices charged to external parties for similar orders.

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.

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

There was no inter-segment sale and transfer during the period (six months ended 31 December 2017: Nil).

	Six months ended 31 December 2018 (Unaudited)					
	Property Development Business	Property Investment and Trading Business	Renovation Business	Securities Investment and Trading Business	Money Lending Business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue:						
From external customers	-	12,915	-	-	188	13,103
Reportable segment profit/(loss)	(4)	32,358	(4)	(14)	127	32,463
Reportable segment assets	14,389	1,264,436	852	11,640	5,116	1,296,433
	Six months ended 31 December 2017 (Unaudited)					
	Property Development Business	Property Investment and Trading Business	Renovation Business	Securities Investment and Trading Business	Money Lending Business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue:						
From external customers	609,943	14,644	-	-	-	624,587
Reportable segment profit/(loss)	146,511	6,576	(5)	-	-	153,082
Reportable segment assets	100,489	1,137,032	862	-	-	1,238,383

#### 4. 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 31 December</b>	
	<b>2018</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2017 HK\$'000 (Unaudited)
<b>Revenue</b>		
Reportable segment revenue	<b>13,103</b>	624,587
Consolidated revenue	<b>13,103</b>	624,587
<b>Profit before income tax</b>		
Reportable segment profit	<b>32,463</b>	153,082
Reclassified from equity to profit or loss on disposals of debt instruments at fair value through other comprehensive income	<b>(2,540)</b>	–
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	–	29
Interest income	<b>8,895</b>	3,060
Dividend income	<b>520</b>	610
Exchange (losses)/gain, net	<b>(2,060)</b>	1,286
Equity-settled share-based payments	<b>(2,961)</b>	–
Corporate salaries and allowances	<b>(5,082)</b>	(4,654)
Corporate professional fees	<b>(3,929)</b>	(754)
Depreciation on corporate property, plant and equipment	<b>(545)</b>	(6)
Unallocated corporate income	<b>331</b>	–
Unallocated corporate expenses	<b>(2,457)</b>	(1,824)
Consolidated profit before income tax	<b>22,635</b>	150,829

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

	<b>Revenue from external customer</b>		<b>Non-current assets</b>	
	<b>31 December</b> <b>2018</b> <b>HK\$'000</b>	31 December 2017 HK\$'000	<b>31 December</b> <b>2018</b> <b>HK\$'000</b>	30 June 2018 HK\$'000
Hong Kong	<b>10,103</b>	622,291	<b>1,276,178</b>	1,267,343
United Kingdom	<b>3,000</b>	2,296	<b>80,259</b>	81,852
Japan	–	–	<b>17,552</b>	8,081
	<b>13,103</b>	624,587	<b>1,373,989</b>	1,357,276



## 5. 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:

	Six months ended 31 December	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
<b>Revenue</b>		
Rental income from investment properties	12,915	14,644
Sale of properties under development	–	609,943
Interest income from money lending	188	–
	<b>13,103</b>	<b>624,587</b>
<b>Other income</b>		
Interest income	8,898	3,060
Dividend income	520	610
Rental income from properties held for trading and properties under development	1,694	–
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	–	29
Sundry income	403	1,843
Exchange gain, net	–	1,286
	<b>11,515</b>	<b>6,828</b>

## 6. PROFIT BEFORE INCOME TAX

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

	Six months ended 31 December	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Depreciation	1,668	1,090
Directors' remuneration	4,183	7,582
Exchange losses, net	2,060	–

## 7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 31 December 2017: 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.

## 8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2018 (six months ended 31 December 2017: Nil).

## 9. PROFIT PER SHARE

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

	Six months ended 31 December	
	2018 (Unaudited)	2017 (Unaudited)
Profit for the period, attributable to owners of the Company (HK\$'000)	21,798	72,871
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	5,548,126	5,548,126

There were no diluted potential ordinary shares for the six months ended 31 December 2018 and 2017 as the outstanding share options were out of the money for the purpose of the diluted earnings per share calculation.

## 10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December	30 June
	2018 HK\$'000 (Unaudited)	2018 HK\$'000 (Audited)
<b>Non-current</b>		
Listed equity securities – Hong Kong	–	15,430
Listed debts investments – Hong Kong	–	45,831
Listed debts investments – outside Hong Kong	–	58,517
Unlisted equity securities – outside Hong Kong	–	53,441
Unlisted investment funds	–	74,834
	–	248,053

## 10. AVAILABLE-FOR-SALE FINANCIAL ASSETS (cont'd)

	<b>31 December 2018 HK\$'000 (Unaudited)</b>	30 June 2018 HK\$'000 (Audited)
Net carrying amount at beginning of the period/year	<b>248,053</b>	80,360
Additions	–	196,937
Disposals	–	(24,239)
Change in fair value credited to revaluation reserve in equity	–	(5,005)
Reclassify investments from available for sale financial assets to: –		
– equity instruments at fair value through other comprehensive income under HKFRS 9	<b>(143,705)</b>	–
– debt instruments at fair value through other comprehensive income under HKFRS 9	<b>(104,348)</b>	–
Net carrying amount at end of the period/year	–	248,053

Listed equity securities, listed debts investments and unlisted investment funds as at 30 June 2018 with carrying amounts of HK\$15,430,000, HK\$104,348,000 and HK\$30,804,000 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 as at 30 June 2018 with carrying amounts of HK\$61,155,000 and HK\$36,316,000 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 2018, 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.

## 11. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>31 December 2018 HK\$'000 (Unaudited)</b>
<b>Non-current</b>	
Listed equity securities – Hong Kong	<b>13,858</b>
Unlisted equity securities – outside Hong Kong	<b>107,579</b>
Unlisted investment funds	<b>89,051</b>
	<b>210,488</b>

## 11. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (cont'd)

	<b>31 December 2018 HK\$'000 (Unaudited)</b>
Net carrying amount at beginning of the period/reclassify from available for sale financial assets	<b>143,705</b>
Reclassify investment from available-for-sale at cost to FVOCI (note 3A(i))	<b>2,125</b>
Additions	<b>62,258</b>
Change in fair value credited to revaluation reserve in equity	<b>2,400</b>
	<hr/>
Net carrying amount at end of the period	<b>210,488</b>

The equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

As at 31 December 2018, listed equity securities and unlisted investment funds with carrying amounts of HK\$13,858,000 and HK\$30,536,000 respectively are stated at fair value. The fair values have been determined directly by reference to published price and quotations in active markets.

As at 31 December 2018, unlisted equity securities and unlisted investment funds with carrying amounts of HK\$107,579,000 and HK\$58,515,000 respectively are measured at fair value. The fair values have been determined by reference to the fair values of the underlying assets and liabilities of each instruments.

## 12. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>31 December 2018 HK\$'000 (Unaudited)</b>
<b>Non-current</b>	
Listed debts investments – Hong Kong	<b>23,088</b>
Listed debts investments – outside Hong Kong	<b>51,477</b>
	<hr/>
	<b>74,565</b>

## 12. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (cont'd)

	31 December 2018 HK\$'000 (Unaudited)
Net carrying amount at beginning of the period/reclassify from available for sale financial assets	104,348
Additions	15,237
Disposals	(44,191)
Change in fair value credited to revaluation reserve in equity	(829)
<hr/>	
Net carrying amount at end of the period	74,565

As at 31 December 2018, all listed debts instruments are stated at fair value less impairment losses. The fair values have been determined directly by reference to published price and quotations in active markets.

## 13. 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 2018 and 30 June 2018 were aged within 90 days.

## 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	31 December 2018 HK\$'000 (Unaudited)
<b>Current</b>	
Listed debts investments – Hong Kong	3,873
<hr/>	
	3,873
<hr/>	
	31 December 2018 HK\$'000 (Unaudited)
Net carrying amount at beginning of the period	–
Additions	3,886
Change in fair value debited to profit and loss	(13)
<hr/>	
Net carrying amount at end of the period	3,873

As at 31 December 2018, all listed debts investments is stated at fair value. The fair values have been determined directly by reference to published price and quotations in active markets.

## 15. SHARE CAPITAL

	Number of shares	HK\$'000 (Unaudited)
<b>Authorised</b>		
Ordinary shares of HK\$0.01 each	10,000,000,000	100,000
<b>Issued and fully paid</b>		
Ordinary shares of HK\$0.01 each At 1 July 2018 and 31 December 2018	5,548,125,668	55,481

## 16. MATERIAL RELATED PARTY TRANSACTIONS

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

	Six months ended 31 December	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Professional fees paid to a related company in which one director of the Company is a partner	302	1,017
Rental Income on investment properties, received from a related company owned by one of the substantial shareholders of the Company	253	253

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.

### Key management personnel compensation

	Six months ended 31 December	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Short-term employee benefits	4,183	7,582

## 17. 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.

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

	<b>Level 1</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>Level 2</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>Level 3</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>Total</b> <b>HK\$'000</b> <b>(Unaudited)</b>
31 December 2018				
Financial assets at fair value				
– Listed equity investments	13,858	–	–	13,858
– Listed debt investments	78,438	–	–	78,438
– Unlisted equity investments	–	107,579	–	107,579
– Unlisted investments fund	–	–	89,051	89,051
	<b>92,296</b>	<b>107,579</b>	<b>89,051</b>	<b>288,926</b>
<hr/>				
	<b>Level 1</b> <b>HK\$'000</b> <b>(Audited)</b>	<b>Level 2</b> <b>HK\$'000</b> <b>(Audited)</b>	<b>Level 3</b> <b>HK\$'000</b> <b>(Audited)</b>	<b>Total</b> <b>HK\$'000</b> <b>(Audited)</b>
30 June 2018				
Available-for-sale financial assets				
– Listed equity securities	15,430	–	–	15,430
– Listed debts investments	104,348	–	–	104,348
– Unlisted investments funds	–	30,804	–	30,804
Total and net fair values	<b>119,778</b>	<b>30,804</b>	–	<b>150,582</b>

There have been no significant transfers between levels 1 and 2 or transfer into or out of level 3 in the reporting period.

## 18. EVENT AFTER THE REPORTING DATE

On 13 February 2019, there was a deemed disposal of 12.5% equity interest and shareholders' loan in its wholly owned subsidiary, which held a property development project in the UK, to a director of this subsidiary.

## **INTERIM DIVIDEND**

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group was principally engaged in property investment and trading, property development and securities investment and trading. With a view to broaden the revenue base, a new principal segment of business for investment and trading in securities has been set up during the Period.

During the Period, the Group was engaged in one property development project in the United Kingdom (the "UK"). The Group has eight potential investment properties, which are commercial and industrial properties located in Hong Kong, the UK and Japan and two trading properties, which are commercial properties in Hong Kong.

The Hong Kong economy grew solidly for the Period. Despite an increasingly challenging external environment, most major markets showed growth of varying degrees. In Hong Kong, external demand continued to record visible growth for the Period as a whole alongside further expansion of the global economy. Domestic demand held firm. Labour market conditions remained favourable, while consumer inflation went up slightly. Overall investment expenditure picked up significantly. However, local business sentiment has become more cautious owing to the increased headwinds in the external environment, in particular the escalated US-Mainland trade conflicts and tightening global financial conditions.

The residential property market showed some cool-off in the Period amid the escalating US-Mainland trade conflicts, global stock market corrections and local interest rate hikes. Trading quieted down visibly, while overall flat prices turned to a marginal decline during the Period. The commercial and industrial property market were rather buoyant during the Period. Prices and rentals went up further, though trading activities retreated.

## **FINANCIAL REVIEW**

For the Period, the Group recorded a turnover of approximately HK\$13,103,000, representing an decrease of approximately 98% comparing with that of approximately HK\$624,587,000 for the corresponding period of last financial year. The decrease in turnover was mainly attributed to the revenue from sales of properties under development at Nos. 142-154 Carpenter Road, Kowloon, Hong Kong for the corresponding period of last financial year.

Profit before income tax of the Group for the Period was approximately HK\$22,635,000, representing a decrease of approximately 85% comparing with that of approximately HK\$150,829,000 for the corresponding period of last financial year. The profit for the corresponding period of last financial year was mainly attributable to a one-off gain derived from the disposal of its 51% equity interest in and all outstanding shareholders' loans due from 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\$21,798,000, representing a decrease of approximately 70% when comparing with that of approximately HK\$72,871,000 for the corresponding period of last financial year.

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

As at 31 December 2018, the Group had net current assets of approximately HK\$593,809,000 (30 June 2018: approximately HK\$579,009,000), including cash and bank balances of approximately HK\$485,519,000 (30 June 2018: approximately HK\$511,508,000).

The gearing ratio was approximately 6.7% as at 31 December 2018 (30 June 2018: approximately 6.0%). 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 2018 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 2018, the unsecured and secured bank borrowing of the Group was approximately HK\$144,130,000 (30 June 2018: approximately HK\$126,447,000), in which approximately HK\$90,546,000 were repayable within a period of not exceeding 5 years (30 June 2018: approximately HK\$71,811,000) and approximately HK\$53,584,000 were repayable beyond 5 years (30 June 2018: approximately HK\$54,636,000), and there was no other borrowing (30 June 2018: Nil).



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

On 13 July 2018, Alpha Easy Limited (“Alpha Easy”) (a wholly-owned subsidiary of the Company) as vendor, Ms. Hon Ching Lan (“Ms. Hon”) as purchaser and the Company as the Alpha Easy’s guarantor entered into the provisional agreements, pursuant to which (i) Alpha Easy has agreed to sell and Ms. Hon has agreed to purchase the entire issued share capital in and all debts owing to Alpha Easy by Enviro Global Limited (a wholly-owned subsidiary of the Company) for a consideration of HK\$19,070,500 and (ii) Alpha Easy has agreed to sell and Ms. Hon has agreed to purchase the entire issued share capital in and all debts owing to Alpha Easy by Sonic Returns Limited (a wholly-owned subsidiary of the Company) for a consideration of HK\$33,669,000, respectively. These transactions were completed on 19 October 2018.

For details of the transactions, please refer to the Company’s announcements dated 13 July 2018 and 19 October 2018.

On 5 October 2018, Winter Cherishing Limited (“Winter Cherishing”) (a wholly-owned subsidiary of the Company) entered into the subscription agreement, pursuant to which Winter Cherishing shall subscribe for a participation in TKO Shops Separate Account Limited with capital commitment of HK\$30 million.

For details of the transaction, please refer to the Company’s announcement dated 5 October 2018.

As the relevant percentages of the above transactions exceed 5% but all below 25%, the above transactions constitute 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”).

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

	Cost as at 31 December 2018 HK\$'000	Carrying amount as at 31 December 2018 HK\$'000	Outstanding commitment as at 31 December 2018 HK\$'000	Total of carrying amount and commitment as at 31 December 2018 HK\$'000	Gain/(loss) in fair value during the Period HK\$'000	Gain/(loss) on disposal during the Period HK\$'000	Dividends/ interests received during the Period HK\$'000
<i>NON-CURRENT</i>							
Equity instruments at fair value through other comprehensive income							
Listed equity securities – Hong Kong	13,638	13,858	–	13,858	(1,571)	–	520
Unlisted equity investment – outside Hong Kong	103,248	107,579	108,925	216,504	3,133	–	–
Unlisted investment fund	91,029	89,051	45,334	134,385	838	–	207
	207,915	210,488	154,259	364,747	2,400	–	727
Debt instruments at fair value through other comprehensive income							
Listed debts investments – Hong Kong	25,520	23,088	–	23,088	680	–	728
Listed debts investments – outside Hong Kong	54,456	51,477	–	51,477	(1,509)	(2,540)	1,613
	79,976	74,565	–	74,565	(829)	(2,540)	2,341
<i>CURRENT</i>							
Financial assets at fair value through profit or loss							
Listed debts investments – Hong Kong	3,886	3,873	–	3,873	(13)	–	3
	291,777	288,926	154,259	443,185	1,558	(2,540)	3,071

The total size of carrying amount and outstanding commitment for each of those investments as at 31 December 2018 represents approximately 0.01% to 1.93% of the total assets of the Group as at 31 December 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 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 2018, the leasehold properties and certain investment properties with carrying value of approximately HK\$84,972,000 and approximately HK\$969,058,000 (30 June 2018: approximately HK\$85,848,000 and approximately HK\$542,852,000) respectively and bank deposits of approximately HK\$82,051,000 (30 June 2018: approximately HK\$64,599,000) were pledged to secure bank borrowings for the Group.

## CONTINGENT LIABILITIES

As at 31 December 2018, the Company has no guarantees (30 June 2018: Nil).

## LEASE AND CONTRACTED COMMITMENTS

### As lessee

As at 31 December 2018, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	<b>31 December 2018 HK\$'000 (Unaudited)</b>	30 June 2018 HK\$'000 (Audited)
Within one year	<b>288</b>	144
In the second to fifth years	<b>120</b>	132
	<b>408</b>	276

The Group leases a property under an operating lease. The lease runs for an initial period of two years (30 June 2018: 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 31 December 2018, none of the lease includes contingent rental.

### As Lessor

As at 31 December 2018, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	<b>31 December 2018 HK\$'000 (Unaudited)</b>	30 June 2018 HK\$'000 (Audited)
Within one year	<b>26,373</b>	29,189
In the second to fifth years	<b>17,115</b>	26,559
	<b>43,488</b>	55,748

The Group leases its properties under operating lease arrangements which run for an initial period of two to fifteen years (30 June 2018: 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>31 December 2018 HK\$'000 (Unaudited)</b>	30 June 2018 HK\$'000 (Audited)
Contracted but not provided for:		
Available-for-sale financial assets	<b>154,259</b>	167,741
Investment properties	<b>13,631</b>	23,415
	<b>167,890</b>	191,156

Save for the above commitment, as at 31 December 2018, 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. HK\$50 million and HK\$12.4 million were used up as at 31 December 2018 for property development and administrative and other operating expenses of the Group, respectively.

### 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 2018 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 is set out in note 4 to the Condensed Financial Report.

### EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, the Group had 13 (30 June 2018: 13) employees, including Directors. Total staff cost (including Directors' emoluments) was approximately HK\$5,567,000 for the Period as compared to approximately HK\$8,383,000 for the six months ended 31 December 2017. 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 one property development project, which is located in Birmingham, the UK. It is a property development project at 50 School Road Moseley, Birmingham, the UK (the "UK Property Project"). The project has a site area of 15,800 square feet and it can be developed into a residential building with gross floor area of approximately 12,000 square feet. The acquisition of the land was completed on 26 October 2018 and the development planning has been commenced and the development is expected to be completed in early 2020.

On 13 February 2018, there was a deemed disposal of 12.5% equity interest in its wholly owned subsidiary, which held the UK Property Project, to a director of this subsidiary. The disposal represents a good opportunity for the Group to have a local partner and working team with good property development experience in Birmingham for this development project.

The Group considers that this new development project in the UK provides a good opportunity for the Group to diversify its overall property portfolio and gain more experience in property development business in the UK. The Group will continue to explore possible property development project both in Hong Kong and overseas to enhance the benefit of the Shareholders while overcoming the challenges ahead.

### **Property Investment and Trading**

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

#### *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 new advertising steel frame and LED signage has been completed in 2018. The Group has engaged an advertising agent to look for potential tenants 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. Approximately 70% of the gross floor area has been leased with stable income for the Group.

#### *Atlantic House at Cardiff, the UK*

The property is located at Cardiff, the UK with a total net floor area of approximately 42,000 square feet. The property consists of two office buildings 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 and diversification of the property portfolio.

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

The property was located at the 6th Floor of 9 Queen's Road Central, Hong Kong and is a prime commercial property with gross floor area of approximately 11,400 square feet. A portion of the property, represented approximately 15% of the gross floor area, 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 six office units and a carpark 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 and carpark have been leased to independent third parties.

On 15 August 2018, the Group, as vendor, entered into a formal sale and purchase agreement with an independent third party to dispose of the entire equity interests and all debts owing to the Group by those subsidiaries, which hold 2 office units on 29th floor with a total gross floor area of approximately 2,500 square feet, for total cash consideration of approximately HK\$52,740,000. The completion of the transaction was taken 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*

This 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*

This 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 Hong Kong's prime commercial district, with a gross area of approximately 7,300 square feet. The property has been leased out to independent third parties for a fixed term of two years.

*Shops and signage at Lime Stardom Tai Kok Tsui*

These two retail shops and 2 signages 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 focus 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.

*Service Apartments in Hokkaido, Japan*

Two service apartment units in ski resorts in Niseko, Hokkaido, Japan, were acquired by the Group by pre-sale. One of the units has been completed in August 2018 and the resort has commenced its operation in December 2018. The other unit is expected to be completed by 30 November 2019. Benefited by increasing inbound tourism in Japan and garnering Japan and international interest for Niseko's ski resort. The Group believes that both service apartments can provide potential investment opportunity with possibility of future long term appreciation in value.

The Group is optimistic about the prospect of the commercial and industrial property market in Hong Kong and the commercial property markets in the UK and Japan. It 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, the UK and the Japan.

During the Period, the segment for property investment and trading business recorded a total rental income of approximately HK\$14,609,000 (six months ended 31 December 2017: approximately HK\$14,644,000), including revenue of approximately HK\$12,915,000 (six months ended 31 December 2017: approximately HK\$14,644,000) and rental income in other income of approximately HK\$1,694,000 (six months ended 31 December 2017: Nil). This segment is expected to provide a significant and steady income source to the Group.

## Investment in Securities

The Group has set up a new principal segment of business in securities investment and trading during the Period. The Group would maintain a portfolio stocks and other investments products which generate high yield. The Group would 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.

Under this segment, there is no investment held for investment as at 31 December 2018. The business' significant investments under held for trading as at 31 December 2018 were as below:-

	<b>Cost as at 31 December 2018 HK\$'000</b>	<b>Carrying amount as at 31 December 2018 HK\$'000</b>	<b>Loss in fair value during the Period HK\$'000</b>	<b>Dividends/ interests received during the Period HK\$'000</b>
<i>CURRENT</i>				
Financial assets at fair value through profit and loss				
Listed debts investments – Hong Kong	<b>3,886</b>	<b>3,873</b>	(13)	3

## PROSPECTS

The Hong Kong economy grew solidly by approximately 3% for the Period. External environment is increasingly challenging. Local business sentiment has become more cautious owing to the increased headwinds in the external environment, in particular the escalated US-Mainland trade conflicts, tightening global financial conditions, and local interest rate hikes. However, raising flat supply through increasing land supply is the Government's top policy priority in ensuring a healthy development of the property market. Reflecting the Government's sustained efforts to increase land and flat supply, total flat supply in the coming three to four years stayed at a high level of approximately 93,000 units.

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, together with the new principal 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.

## 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 2018.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by Directors throughout the six months ended 31 December 2018.

## **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") to 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 18 January 2019 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 Period 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, 22 February 2019

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