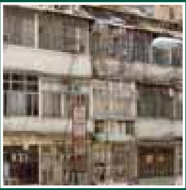
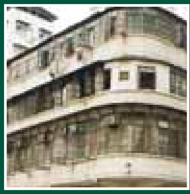
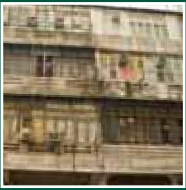
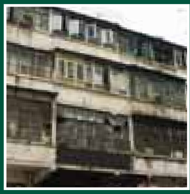
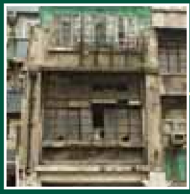
田 生 集 團 有 限 公 司*

RICHFIELD GROUP HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)
(於 開 曼 群 島 註 冊 成 立 之 有 限 公 司)

(Stock Code: 8136)
(股 份 代 號: 8136)

2010

ANNUAL REPORT
年 報

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors of Richfield Group Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to Richfield Group Holdings Limited. The directors of Richfield Group Holdings Limited, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Pong Wai San, Wilson
Lee Wing Yin (appointed on 1 June 2010)

Non-Executive Director
Li Chi Chung

Independent Non-Executive Directors
Koo Fook Sun, Louis
Lai Hin Wing, Henry
Lung Hung Cheuk

COMPLIANCE OFFICER

Pong Wai San, Wilson

QUALIFIED ACCOUNTANT

Lee Wing Yin ACCA, CPA

COMPANY SECRETARY

Lee Wing Yin

AUDIT COMMITTEE

Koo Fook Sun, Louis
Lai Hin Wing, Henry
Lung Hung Cheuk

REMUNERATION COMMITTEE

Pong Wai San, Wilson
Koo Fook Sun, Louis
Lai Hin Wing, Henry
Lung Hung Cheuk

NOMINATION COMMITTEE

Pong Wai San, Wilson
Koo Fook Sun, Louis
Lai Hin Wing, Henry
Lung Hung Cheuk

AUTHORISED REPRESENTATIVES

Pong Wai San, Wilson
Lee Wing Yin

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 1209, 12/F.
Silvercord Tower 2
30 Canton Road
Tsim Sha Tsui
Hong Kong

COMPANY HOMEPAGE

ir.sinodelta.com.hk/richfieldgp/

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Trustee (Cayman) Limited
P.O. Box 484
HSBC House
68 West Bay Road
Grand Cayman
KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Hong Kong

AUDITORS

Messrs. Grant Thornton
Certified Public Accountants

LEGAL ADVISOR

As to Hong Kong Law
Michael Li & Co.

As to Cayman Islands Law
Conyers Dill & Pearman

PRINCIPAL BANKER

Hang Seng Bank Limited

STOCK CODE

8136

LETTER FROM CHIEF EXECUTIVE OFFICER

Dear Shareholders,

On behalf of Richfield Group Holdings Limited, I am pleased to provide our business development in the fiscal year of 2010.

The Hong Kong property market rebounded gradually since the first quarter of year 2009 due to the recovering economy, improvement of market sentiment and low interest rate environment. Prosperity of property market and the favourable change in legislation fostered the increasing need of urban renewal, which create favorable business environment to the Group.

With the prospering property market, the market demand to the residential projects remains strong and the property developers are more aggressive in increasing their land reserve to cater for future demand. In view of the limited supply of land in Hong Kong, property assembly for redevelopment purpose would be one of the major sources of land supply to the developers. The demand for the Group's high-quality property assembly projects, especially in urban district, has been increased significantly.

During the year, the Group focused on business of property assembly and brokerage and continued to expand that core business. To maintain its competitive advantage, the Group is keen to expand its market share and coverage in both Kowloon and Hong Kong Island. Profits from property assembly and brokerage were are satisfactory and the number of property assembly project in progress are also grow steadily for the year ended 30 June 2010.

Hong Kong community shows increasing concern on the problem of ageing and decaying buildings. The government lowered the compulsory auction sales threshold of old building from 90% to 80% since 1 April 2010 can shorten the acquisition time required for property assembly project and facilitate private sector participation in urban renewal.

For the growing potential of the property development market in Hong Kong, the Group has been actively seeking to diversify its business scope and considers that the engagement in property development will benefit the Company and the shareholders as a wholes in the long run. During the year, the Group has been engaged in two property development projects and those projects represent excellent opportunities for the Group to tap into the property development market and will enhance the shareholders' value.

On behalf of the Board, the Group would like to take this opportunity to express our gratitude to all members of the Board, staff and those who have supported us for their dedication and contribution to the Group. We will continue to put our best efforts to produce good business results and better return to our shareholders.

Pong Wai San, Wilson
Chief Executive Officer

Hong Kong
21 September 2010

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

Richfield Group Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") is principally engaged in provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopment and property trading in Hong Kong. The Group has suspended the business of trading of recycled computers from 1 September 2009. The business of trading of bags and accessories was disposed of to an independent third party on 13 November 2009. During the year, the Group has diversified its business scope and commenced to engage in property development business in Hong Kong.

The Group is currently engaged in property assembly schemes for approximately 270 redevelopment projects in Hong Kong. Those engaged projects are all residential and commercial properties which are located in Hong Kong Island and Kowloon.

FINANCIAL PERFORMANCE

During the year, the Group recorded a turnover (for both continuing and discontinued operations) of approximately HK$310,709,000, representing an increase of approximately 162% compared with the previous fiscal period of approximately HK$118,399,000. The surge in turnover was mainly attributed to the increase in turnover of the property assembly and brokerage business. In respect of the business of property assembly and brokerage, it contributes approximately HK$308,851,000 to the turnover of the Group for the year and this represents an increase of approximately 224% compared with the previous period of approximately HK$95,222,000.

Profit before income tax (for both continuing and discontinued operations) of the Group for the year was approximately HK$166,305,000, representing an increase of approximately 381% when compared with the previous period of approximately HK$34,607,000. Due to the increase of turnover, profit attributable to owners of the Company for the year was increased to approximately HK$140,437,000 compared with the profit attributable to owners of the Company of approximately HK$23,627,000 last period.

BUSINESS OVERVIEW

Property Assembly and Brokerage Business

For the year ended 30 June 2010, having benefited from the overall improvement in both the global and Hong Kong economies, the consumer sentiment continued to grow and most of the developers are more aggressive in increasing their land reserve in urban area by acquisition of old buildings for redevelopment. In view of this, the Group continued to expand its core business of property assembly and brokerage business. In addition, the shift of business strategy since 2007 by diversifying its sourcing area from Mid-Levels property market to those where prevailing prices are less inflated, such as Western District, Ho Man Tin and Sham Shui Po, etc., enable the Group to further expand its market share and coverage in both Kowloon and Hong Kong Island.

As a result of the improvement in property market in Hong Kong, the performance of the Group recorded a reasonable growth for the year ended 30 June 2010 with a turnover from the property assembly and brokerage business of approximately HK$308,851,000, which was increased by approximately 224% compared with that of approximately HK$95,222,000 for the 15-month period ended 30 June 2009. The operating profit for the property assembly and brokerage business was approximately HK$169,123,000 which was increased by approximately 320% compared with that of approximately HK$40,222,000 for the previous period.

The improved result for the year was mainly attributable to the increase in number of property assembly project completed. The progress for most property assembly projects, such as Western Court in Western District, Central Mansion in Causeway Bay, and other major projects in Mid-Levels West, Sham Shui Po and Causeway Bay, etc., which have been delayed in previous period, was satisfactory during the year. For the year ended 30 June 2010, the Group has completed 20 major assembly projects, which are mainly located in densely populated location in Hong Kong Island and Kowloon side, including, Causeway Bay, Mid-Levels, Western District, Mongkok, Aberdeen, Tai Kok Tsui, Kowloon City and Shum Shui Po, etc. The total contract sum of the major completed projects and the total gross profit for the major completed projects recorded for the year are approximately HK$5,540,000,000 and HK$160,000,000, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2010, the Group had approximately 270 property assembly projects in progress with total site areas of approximately 2,800,000 square feet. Among these projects in progress, there were approximately 100 projects located on Hong Kong Island, mainly in Mid-Levels, Sheung Wan, Causeway Bay, Western District, Shau Kei Wan, Quarry Bay, Aberdeen, etc. There were approximately 170 projects located in Kowloon side, mainly in Mongkok, Sham Shui Po, Tai Kok Tsui, Ho Man Tin, Kwun Tong, To Kwa Wan, Kowloon City, etc..

To commensurate with the increase in number of property assembly projects and the continuous improvement of the quality of our services, the Group has expanded its property assembly teams from approximately 90 to 140 staff during the year. The Group believes that a high quality real estate agency team is a key to the success of property assembly business. As a result, all agency staff recruited by the Group have good working experience in relevant industries. During the year, the Group also accompanied with some legal firms, professional bodies and government authorities to organize regular training programs to all agency staff in order to further enhance their service quality and to realize the service promises of the Group.

Property Development Business

With a view to complement and leverage on the property assembly business, the Group decided to broaden and diversify the revenue base and expand its existing business into the property development market. On 18 May 2010, the Group entered into a shareholder's agreement with a wholly owned subsidiary of Phoenix Asia Real Estate Investment, a customer of the Group, for establishing an associate for a property development project at Nos. 18-32 Junction Road, Kowloon, Hong Kong, which the Group has 30% equity interests. The project has a site area of approximately 10,200 square feet and a gross floor area of approximately 91,800 square feet and the Group is intended to develop it into a composite residential/commercial building.

In addition, the Group has also commenced the acquisition of another property assembly project at Nos. 142-154 Carpenter Road, Kowloon, Hong Kong in June 2010, which the Group decided to hold 100% equity interests of the project. The projects has a site area of approximately 9,100 square feet and a gross floor area of approximately 82,000 square feet and the Group is intended to develop it into a composite residential/commercial building. Up to the date of this report, the Group has already acquired more than 80% of the properties of the project. Details of the associate and the own development project have been disclosed in the Company's announcements dated 18 May 2010 and 23 August 2010, respectively. Upon completion, both projects will give considerable returns to the Group.

Other Business

The trading business of recycled computers contributed approximately HK$1,858,000 to the Group's turnover, representing approximately 0.6% of the Group's turnover for the year. It recorded a segment loss of approximately HK$1,471,000 for the year. Because of the unsatisfactory results, the Group has suspended the business of the trading of recycled computers from 1 September 2009 and would consider to terminate it if the loss persisted. There was no turnover for the business of trading of bag and accessories for the year ended 30 June 2010. The business of trading of bag and accessories was disposed of to an independent third party on 13 November 2009.

PROSPECTS

The Hong Kong property market rebounded gradually since the first quarter of year 2009 due to the recovering economy, improvement of market sentiment and low interest rate environment. Prosperity of property market and the favourable change in legislation fostered the increasing need of urban renewal, which create favorable business environment to the Group.

With the prospering property market, the market demand for residential projects remains strong and the property developers are more aggressive in increasing their land reserve to cater for future demand. In view of the limited supply of land in Hong Kong, property assembly for redevelopment purpose would be one of the major sources of land supply to the developers. The demand for the Group's high-quality property assembly projects, especially in urban district, will continue to increase steadily. The property assembly and brokerage business will continue to generate a stable income to the Group. The Group will from time to time review and manage the project mix of the property assembly projects in progress to maintain the profitability and a stable income stream for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

At present, there are about 40,000 buildings which are 40 years' old or above in Hong Kong. Among which 8% or around 3,200 building are over 50 years' old. In the 60's, Hong Kong experienced rapid population and economic growth, which triggered a building boom and massive urban expansion. Due to premature construction technology and without constant maintenance, buildings rapidly deteriorate and decline into slums. Redevelopment and urban renewal is now becoming more pressing. The problem of ageing and decaying buildings is most serious in older urban areas, and these areas include Sham Shui Po, Kwun Tong, Mongkok, Western District, Shau Kei Wan and To Kwa Wan, etc. The collapse of To Kwa Wan tenement buildings in January 2010 has triggered the alarm for the safety of those tenement buildings in Hong Kong and the urgent needs for urban redevelopment. Different sectors of Hong Kong community also show recognition and support toward the urban redevelopment projects to revitalize the amenities in the old community. In view of this, the government policies are expected to be more favourable to the redevelopment.

The government lowered the compulsory auction sales threshold of old building from 90% to 80% since 1 April 2010, such that developer who owns 80% of the properties can apply for compulsory sale. The lower threshold will be confined to three criteria for old buildings: blocks older than 50 years; those with last unit represented more than 10% shares; and industrial blocks outside industrial zones that are more than 30 years. The new enactment can shorten the acquisition time required for the Group's projects and would greatly facilitate private sector participation in urban renewal, thus provide more opportunities to the Group in acquiring full ownership of target properties.

In light of the growing potential of the property development market in Hong Kong, the Group has been actively seeking to diversify its business scope and considers that the engagement in property development will broaden the revenue base of the Group and will benefit the Company and the shareholders as a wholes in the long run. During the year, the Group has engaged in two property development projects and those projects represent excellent opportunities for the Group to tap into the property development market and will enhance the shareholders' value. The experience and expertise of the Group obtained in both projects can also be applicable to our future property development projects and with the experience of the Group in the property market in Hong Kong, the Board is optimistic in the prospect of the property development business of the Group.

Notwithstanding the uncertainty on recovery of the global economy, the Group remains optimistic in property assembly and brokerage business and property development business in Hong Kong. The Group is dedicated to develop strategically in the property assembly and brokerage business and the property development business and actively seeking opportunities for premium property redevelopment projects so as to drive the growth of the Group. The Group has been committed to conducting property assembly since 2007, and it is also our pursuit to alleviate the problem of urban ageing in the old districts in Hong Kong, and thereby improve the environment and quality of life in those neighborhoods.

In respect of the trading businesses of bags and accessories and recycled computers, profit margin and turnover are expected to be tumbled in the forthcoming future due to keen competition and surge of operating costs. Since both businesses are not the core businesses of the Group, the Group has suspended these businesses from 1 September 2009 and has directed the resources to development of the business of property assembly and brokerage. The business of trading of bags and accessories was disposed of to an independent third party on 13 November 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2010, the Group had net current assets of approximately HK$380,220,000 (2009: approximately HK$282,873,000) including bank and cash balances of approximately HK$231,842,000 (2009: approximately HK$247,131,000).

The gearing ratio was 0.07% as at 30 June 2010 (2009: Nil). The gearing ratio is derived by dividing the total of bank overdraft, loans and finance lease liabilities by total assets. The gearing ratio remained relatively stable in the financial year under review compared to 30 June 2009.

During the year, the Group financed its operations with its own working capital. As at 30 June 2010, total unsecured and secured banking borrowings of the Group amounted to approximately HK$389,000 (2009: Nil), which are repayable on demand. Total other borrowings of the Group amounted to HK$453,000 (2009: Nil), which are repayable within a period of not exceeding 5 years. There is no material change in capital structure of the Company during the year.

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

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

CONTINGENT LIABILITIES

As at 30 June 2010, the Group had given guarantees of HK$144 million in respect of the banking facilities of the associate for the property development project at Nos. 18-32 Junction Road, Kowloon, Hong Kong (2009: Nil).

LEASE AND CONTRACTED COMMITMENTS

The Group leases certain of its office premises under non-cancellable operating lease arrangements with lease terms ranging from one to two years.

At 30 June 2010, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	2010 **HK$'000**	2009 HK$'000
Within one year	**1,560**	1,190
In the second to fifth years	**906**	273
	2,466	1,463

CAPITAL COMMITMENTS

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Contracted but not provided for:				
Leasehold land and buildings	**–**	22,994	**–**	–
Available-for-sale financial assets	**2,643**	10,418	**2,643**	10,418
	2,643	33,412	**2,643**	10,418

FOREIGN EXCHANGE EXPOSURE

The Group's income and expenditure during the year were denominated in United States dollars ("US$"), HK dollars ("HK$") and Renminbi ("RMB"), and most of the assets and liabilities as at 30 June 2010 were denominated in 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 RMB foreign exchange exposure and fluctuation of exchange rates of RMB against HK$ could affect the Group's results of operations. During the year, no hedging transaction or arrangement was made since the amount is small.

TREASURY POLICIES

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

SEGMENT INFORMATION

The analysis of the principal activities and geographical locations of the operations of the Group are set out in note 5 to the financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2010, the Group had 192 (2009: 105) employees, including directors of the Company. Total staff costs (including directors' emoluments) were approximately HK$98,903,000 for the year as compared to approximately HK$24,774,000 in last period. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and share option scheme.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Pong Wai San, Wilson ("Mr. Pong"), aged 41, has been appointed as the executive Director and the chief executive officer of the Company on 23 March 2007. He was also the Chairman of the Company for the period from 23 March 2007 to 5 February 2008. Mr. Pong is responsible for the overall strategic planning, marketing and management function of the Group. He holds a bachelor degree in Applied Science from the University of British Columbia. He held various positions in a number of charity organisations in Hong Kong and had held various senior management positions with various local and international securities houses and a multinational company. Mr. Pong was an executive director of UURG Corporation Limited (formerly known as "Global Solution Engineering Limited") ("UURG"), a company listed on the GEM of the Stock Exchange, during the period from 19 September 2007 to 30 August 2008. Mr. Pong is the sole director and sole shareholder of Virtue Partner Group Limited, which is the substantial and controlling shareholder of the Company. Mr. Pong is also the chairman of the remuneration committee and a member of the nomination committee of the Company.

Mr. Lee Wing Yin ("Mr. Lee"), aged 40, has been appointed as an executive Director and company secretary of the Company on 1 June 2010 and 23 March 2007, respectively. He is responsible for provision of advice for overall management, strategic development and supervision of the Group. Mr. Lee is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. He has over nine years of working experience in auditing and business advisory services and had worked for international accounting firms for six years. He held senior financial management positions with various local companies before joining the Company. Mr. Lee was appointed as the executive director of iOne Holdings Limited, a company listed on the Main Board of the Stock Exchange, with effect from 18 September 2009. He is also a director of various subsidiaries and the associates of the Company. On 17 December 2004, the Stock Exchange publicly censured Mr. Lee, being director of a listing applicant, for his endorsement of the sponsor's submission and views while having at all material times full knowledge of the material information, thereby causing the listing applicant to breach its undertaking to the Stock Exchange in a listing application, and consequently Mr. Lee was in breach of his director's undertakings to the Stock Exchange.

NON-EXECUTIVE DIRECTOR

Mr. Li Chi Chung ("Mr. Li"), aged 42, has been appointed as a non-executive Director on 23 March 2007. Mr Li is currently a solicitor practising in Hong Kong. He obtained a bachelor degree in laws from The University of Sheffield in England in 1990. Mr Li was admitted as a solicitor of the High Court of Hong Kong in 1993 and his practice has been focused on commercial related matters. Mr. Li is an independent non-executive director of Eagle Nice (International) Holdings Limited and Kenford Group Holdings Limited respectively, both of which are companies listed on the Main Board of the Stock Exchange. He is also an independent non-executive director of PINE Technology Holdings Limited which is a company listed on the GEM of the Stock Exchange. He is the company secretary of Sunshine Capital Investments Group Limited (Stock Code: 0721) and Sino Gas Group Limited (Stock Code: 0260), all of which are companies listed on the Main Board of the Stock Exchange, and China Nonferrous Metals Company Limited (Stock Code: 8306) which is a company listed on GEM of the Stock Exchange. From 15 October 2007 to 13 February 2009, Mr. Li was an independent non-executive director of Anhui Tianda Oil Pipe Company Limited (Stock Code: 0839), a company listed on the Main Board of the Stock Exchange; and from 11 March 2008 to 9 March 2010, Mr. Li was the company secretary of China Mandarin Holdings Limited (Stock Code: 0009), a company listed on the Main Board of the Stock Exchange.

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Koo Fook Sun, Louis ("Mr. Koo"), aged 54, has been appointed as an independent non-executive Director on 23 March 2007. Mr. Koo is the founder and the managing director of Hercules Capital Limited, a corporate finance advisory firm. Mr. Koo has many years of experience in investment banking and professional accounting. He was a managing director and head of the corporate finance department of a major international bank, and a director and chief executive officer of SilverNet Group Limited (now renamed Enerchina Holdings Limited), a company listed on the Main Board of the Stock Exchange. He currently also serves as an independent non-executive director of another five companies listed on the Main Board of the Stock Exchange, namely Good Friend International Holdings Inc., Li Ning Company Limited, Weichai Power Co., Ltd., Xingda International Holdings Limited and Midland Holdings Limited. He was an independent non-executive director of Midland IC&I Ltd during the period from 24 June 2005 to 24 June 2008. Mr. Koo has resigned as vice chairman and chief financial officer of 2020 ChinaCap Acquirco, Inc., a company then listed on The New York Stock Exchange Amex (now called NYSE Euronext), on 19 October 2009 and also resigned as independent non-executive director of China Communications Construction Company Limited on 29 December 2009. Mr. Koo graduated with a bachelor's degree in business administration from the University of California at Berkeley and is a member of the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Mr. Koo is also the chairman of the audit committee and a member of the remuneration committee and nomination committee of the Company.

Mr. Lai Hin Wing, Henry ("Mr. Lai"), aged 53, has been appointed as an independent non-executive Director on 23 March 2007. He is a partner of Messrs. P. C. Woo & Co., a firm of solicitors and notaries in Hong Kong, and has been practising in the legal field for more than twenty-eight years. Graduated from the University of Hong Kong with a bachelor of law degree, Mr. Lai was admitted as a solicitor in Hong Kong, England and Wales and the State of Victoria, Australia. Mr. Lai is a Notary Public and a China Appointed Attesting Officer in Hong Kong. He was a non-executive director of Allied Properties (H.K.) Limited, a company listed on Main Board of the Stock Exchange, during the period from 28 September 2004 to 18 June 2010. He was also an independent non-executive director of UURG Corporation Limited (formerly known as "Global Solution Engineering Limited"), which is listed on the GEM of the Stock Exchange, during the period from 19 September 2007 to 30 August 2008. Mr. Lai was an independent non-executive director of Canton Property Investment Limited, a company admitted to the AIM of the London Stock Exchange but resigned on 9 September 2008. Mr. Lai is also the chairman of the nomination committee and members of the audit committee and remuneration committee of the Company.

Mr. Lung Hung Cheuk ("Mr. Lung"), aged 63, has been appointed as an independent non-executive Director on 23 March 2007. He is a retired chief superintendent of the Hong Kong Police Force (the "Hong Kong Police") of Hong Kong. He joined the Hong Kong Police in 1966 as a Probationary Inspector at the age of 19. He was promoted to the rank of chief inspector in 1980, superintendent in 1986, senior superintendent in 1993 and chief superintendent in 1997. He had served in various police posts, namely Special Branch, Police Tactical Unit, Police Public Relations Bureau and in a number of police divisions at management level. Prior to his retirement in April 2002, he was the commander of Sham Shui Po Police District. Mr. Lung was also the secretary and then the chairman of the Superintendents' Association ("SPA") of the Hong Kong Police from 1993 to 2001. The membership of the SPA comprises the top management of the Hong Kong Police from superintendents up to and including the commissioner of Hong Kong Police. He was awarded the Police Meritorious Service Medal by the Chief Executive of Hong Kong in 2000. Mr. Lung has appointed as independent non-executive director of iOne Holdings Limited, a company listed on the Main Board of the Stock Exchange on 18 September 2009. Mr. Lung was also an independent non-executive director of UURG Corporation Limited (formerly known as Global Solution Engineering Limited), a company listed on the GEM, during the period from 19 September 2007 to 12 January 2010. Mr. Lung is also the members of the nomination committee, the audit committee and remuneration committee of the Company.

SENIOR MANAGEMENT

Mr. Au Wing Wah ("Mr. Au"), aged 53, is the founder and director of Richfield Realty Limited ("Richfield Realty"), a wholly owned subsidiary of the Company. He is responsible for the strategic planning and management of property assembly and brokerage business. Mr. Au has over 19 years experience of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopments and property trading in Hong Kong and he is familiar with the price and market demand of sites and buildings in different urban districts in Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan Chi Ling, Elwyn ("Mr. Chan"), aged 56, is the project director of Richfield Realty. He is Fellow of Institute of Highway Engineers and corporate member of professional institutes in various disciplines, namely: the Institution of Civil Engineers, the Chartered Institute of Arbitrator, the Society of Operations Engineers, the Chartered Institute of Building, the Chartered Management Institute, the American Association of Cost Engineers, the Hong Kong Institution of Engineers, he is also a Registered Professional Manager of Hong Kong Management Association. Mr. Chan has more that 30 years' professional experience in building development, construction, and property asset management in Hong Kong, PRC, Macau and Australia when rendering his service with various listed companies in Hong Kong. Mr. Chan has led the planning and development of Property & Construction Project of various scales, and also has experience in managing property assets for more than 8 years. He joined the Group in November 2008.

Mr. Ngan Man Ho, Murphy, aged 33, is the chief architect with a master degree and bachelor degree of the University of Hong Kong. He is currently an authorized person under Building Authority of Hong Kong, a registered architect of Hong Kong and a member of Hong Kong Institute of Architect. With 8 years of extensive experience in architectural design and project management. He has participated in various projects in Hong Kong and the PRC. His range of design works includes commercial office tower, hotel, civic and cultural buildings, comprehensive residential development, entertainment complex and industrial development. He joined the Group in January 2010.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 of the GEM Listing Rules. The Company has complied with the code provisions set out in the Code throughout the year ended 30 June 2010, except for the deviation that (i) Mr. Li Chi Chung, the non-executive director of the Company, was appointed without specific term of service since no appointment letter has been entered between Mr. Li and the Company but his appointment is subject to retirement by rotation and offers himself for re-election in accordance with the articles of association of the Company; and (ii) the post of Chairman has been vacant since the resignation of Mr. Pong on 5 February 2008. If candidate with suitable skill and experience is identified within or outside the Group, the Company will make necessary arrangement for the new appointment at appropriate time.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings regarding securities transactions throughout the year.

BOARD OF DIRECTORS AND BOARD MEETING

The members of the Board for the year were:

Executive Directors
Pong Wai San, Wilson
Lee Wing Yin (appointed on 1 June 2010)

Non-executive Director
Li Chi Chung

Independent Non-executive Directors
Koo Fook Sun, Louis
Lai Hin Wing, Henry
Lung Hung Cheuk

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

Each of the Directors' biographical information is set out on pages 9 to 10 of this report. All executive Directors have given sufficient time and attention to the affairs of the Group and each of them has sufficient experience to hold the position so as to carry out his duties effectively and efficiently. There is no relationship among the members of the Board.

The Company appointed three independent non-executive Directors who have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of shareholders of the Company. All of them have been appointed for a term of one year commencing from the date of their appointment.

Mr. Pong, the executive Director and chief executive officer, and Mr. Li, the non-executive Director, have not signed any service contract or letter of appointment with the Company.

Mr. Lee, the executive Director, has entered into a service agreement with the Company and was appointed as the executive Director for an initial term of 36 months commencing from 1 June 2010, or terminated by not less than three months' notice in writing served by either party at any time thereafter. Mr. Lee is entitled to director's emolument of HK$47,000 per month plus discretionary bonus to be decided by the Board at its sole discretion, which is determined by reference to the prevailing market conditions and his roles experience, and responsibilities in the Company.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for a term of one year commencing from 23 March 2010 and expiring on 22 March 2011.

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

In addition, Mr. Lee Wing Yin who was appointed on 1 June 2010 shall hold office only until the next following AGM of the Company and shall then be eligible for re-election at AGM pursuant to the article 86(3) of the Articles of Association, and being eligible, will offer himself for re-election.

Pursuant to the requirements of the GEM Listing Rule 5.09, the Company has received written confirmations from independent non-executive Director of his independence to the Company. Based on such confirmations of independence, the Company considers all of the independent non-executive Directors to be independent.

The Board meets 4 times during the year to review the financial and operating performance of the Group.

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

	Attendance
Executive Directors	
Pong Wai San, Wilson	3/4
Lee Wing Yin (appointed on 1 June 2010)	0/0
Non-executive Director	
Li Chi Chung	4/4
Independent Non-executive Directors	
Koo Fook Sun, Louis	4/4
Lai Hin Wing, Henry	4/4
Lung Hung Cheuk	3/4

Apart from the above regular Board meetings of the year, the Board will meet on other occasions when a Board-level decision on a particular matter is required.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “Remuneration Committee”) was established with written terms of reference in compliance with the code provisions. The Remuneration Committee consists of four members, of which majority are independent non-executive Directors, namely Mr. Pong, Mr. Koo, Mr. Lai and Mr. Lung. The chairman of the committee is Mr. Pong.

The roles and functions of the Remuneration Committee include the determination of the specific remuneration packages of all executive Directors, including 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 of the remuneration of non-executive Directors.

The Remuneration Committee held 3 meetings during the year to review the remuneration packages of all the Directors and senior management of the Company. Details of the attendance of the meeting of the Remuneration Committee are as follows:

Members	Attendance
Pong Wai San, Wilson	3/3
Koo Fook Sun, Louis	3/3
Lai Hin Wing, Henry	3/3
Lung Hung Cheuk	2/3

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") was established on 12 November 2007 with written terms of reference in compliance with the code provisions. As at the date of this report, it consists of four members, of which majority are independent non-executive Directors, namely Mr. Pong, Mr. Koo, Mr. Lai and Mr. Lung, and all were appointed on 12 November 2007. The chairman of the Nomination Committee is Mr. Lai.

The roles and functions of the Nomination Committee include nomination of the potential candidates for directorship, reviewing the nomination of the Directors and making recommendations to the Board for ensuring that all nominations are fair and transparent.

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, and make recommendations to the Board relating to the renewal services of independent non-executive Directors. Details of the attendance of the meeting of the Nomination Committee are as follows:

Members	Attendance
Pong Wai San, Wilson	2/2
Koo Fook Sun, Louis	2/2
Lai Hin Wing, Henry	2/2
Lung Hung Cheuk	1/2

AUDITORS' REMUNERATION

The Company has appointed Messrs. Grant Thornton as the auditors of the Company (the "Auditors"). The Board is authorised in the annual general meeting to determine the remuneration of the Auditors. During the year, the Auditors performed the work of statutory audit for the year and also involved in non-audit assignment of the Group. The remuneration of the Auditors for the year is approximately HK$448,000.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group and provide advice and comments on the Company's draft annual reports and accounts, half year reports and quarterly reports to Directors. The Audit Committee comprises three members, Mr. Koo, Mr. Lai and Mr. Lung, all of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Koo.

The Audit Committee held 4 meetings during the year to review the audited financial statements for the year ended 30 June 2010 and the unaudited financial statements for the three months ended 30 September 2009, six months ended 31 December 2009 and nine months ended 31 March 2010 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 internal control system. Details of the attendance of the meetings of the Audit Committee are as follows:

Members	**Attendance**
Koo Fook Sun, Louis	4/4
Lai Hin Wing, Henry	4/4
Lung Hung Cheuk	3/4

The Group's unaudited quarterly, interim results and audited 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

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

The Auditors' responsibilities are set out in the Independent Auditors' Report.

INTERNAL CONTROL

The Board had conducted a review of the effectiveness of the Group's internal control system. The internal control system is designed to meet the Group's particular needs and the risks to which it is exposed, and by their nature can only provide reasonable, but not absolute assurance against misstatement or loss.

Procedures have been set up for safeguarding assets against unauthorised use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. Qualified management throughout the Group maintains and monitors the internal control system on an ongoing basis.

The Board considered that the internal control system of the Group is effective and the Audit Committee have found no material deficiencies on the internal control system.

DIRECTORS' REPORT

For the year ended 30 June 2010

The Directors present their annual report and the audited financial statements of the Group for the year ended 30 June 2010.

PRINCIPAL ACTIVITIES

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 26 to 80 of this report.

DIVIDENDS

The Board does not recommend the payment of a final dividend for year ended 30 June 2010 (Period from 1 April 2008 to 30 June 2009: HK0.366 cent per share).

CLOSURE OF REGISTER OF MEMBERS

The registers of the Company will be closed from Thursday, 28 October 2010 to Friday, 29 October 2010, both days inclusive, during which period no transfer of shares will be registered. In order to attend the forthcoming annual general meeting, 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 27 October 2010.

DIRECTORS' REPORT

For the year ended 30 June 2010

SUMMARY FINANCIAL INFORMATION

The following is a summary of the consolidated results and of the consolidated assets and liabilities of the Group for the three years ended 31 March 2008, the period from 1 April 2008 to 30 June 2009 and the year ended 30 June 2010:

Consolidated results

	Year Ended 30 June 2010 HK$'000	Period from 1 April 2008 to 30 June 2009 HK$'000	Year Ended 31 March 2008 HK$'000	2007 HK$'000	2006 HK$'000
Revenue	**310,709**	118,399	143,155	89,939	70,913
Profit/(loss) before income tax from continuing and discontinued operations	**166,305**	34,607	34,153	(11,195)	(5,300)
Income tax expense	**(25,868)**	(10,980)	(6,496)	(458)	(100)
Profit/(loss) after income tax	**140,437**	23,627	27,657	(11,653)	(5,400)
Attributable to:					
Owners of the Company	**140,437**	23,627	27,657	(11,653)	(5,359)
Minority interests	**–**	–	–	–	(41)
	140,437	23,627	27,657	(11,653)	(5,400)

Consolidated assets and liabilities

	As at 30 June 2010 HK$'000	As at 30 June 2009 HK$'000	As at 31 March 2008 HK$'000	2007 HK$'000	2006 HK$'000
Total assets	**1,133,831**	803,451	809,691	46,965	14,851
Total liabilities	**(135,455)**	(15,574)	(27,888)	(12,241)	(6,503)
Minority interests	**–**	–	–	–	(80)
Net assets	**998,376**	787,877	781,803	34,724	8,268

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 16 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in the Company's share capital and share options during the year, are set out in notes 31 and 35 to the financial statements respectively.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the statement of changes in equity of the Group on page 32 of this report and in note 32 to the financial statements respectively.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, turnover made to the five largest customers of the Group accounted for approximately 65% (Period from 1 April 2008 to 30 June 2009: 75%) of the Group's total turnover for the year. Turnover made to the Group's largest customers accounted for approximately 46% (Period from 1 April 2008 to 30 June 2009: 35%) of the Group's total turnover for the year.

Purchases from the five largest suppliers of the Group accounted for approximately 49% (2009: 51%) of the Group's total purchases for the year. Purchases from the Group's largest suppliers accounted for approximately 15% (2009: 22%) of the Group's total purchases for the year.

At no time during the year, the Directors, their associates or any shareholders of the Company (which to the best knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest in these major customers or suppliers.

DIRECTORS

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

Executive Directors

Pong Wai San, Wilson
Lee Wing Yin (appointed on 1 June 2010)

Non-executive Director

Li Chi Chung

Independent Non-executive Directors

Koo Fook Sun, Louis
Lai Hin Wing, Henry
Lung Hung Cheuk

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

In addition, Mr. Lee who was appointed on 1 June 2010 shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at annual general meeting pursuant to the article 86(3) of the Articles of Association, and being eligible, will offer himself for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 9 to 11 of this report.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significant to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' SERVICE CONTRACTS

Mr. Pong, the executive Director and chief executive officer, and Mr. Li, the non-executive Director, have not signed any service contract or letter of appointment with the Company.

Mr. Lee, the executive Director, has entered into a service agreement with the Company for an initial term of 36 months commencing from 1 June 2010, or terminated by not less than three months' notice in writing served by either party at any time thereafter. Mr. Lee is entitled to director's emolument of HK$47,000 per month plus discretionary bonus to be decided by the Board at its sole discretion, which is determined by reference to the prevailing market conditions and his roles experience, and responsibilities in the Company. Mr. Lee will be subject to normal retirement and re-election by the shareholders of the Company pursuant to the Articles of Association of the Company.

Mr. Koo, Mr. Lai and Mr. Lung, all independent non-executive Directors of the Company, have each re-entered into a letter of appointment with the Company for a term of one year commencing from 23 March 2010 and expiring on 22 March 2011. Their appointments are subject to retirement by rotation and/or re-election in accordance with the article of association of the Company.

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

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

As at 30 June 2010, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

	Number of Shares			Approximate
Director	Personal interest	Corporate interest	Total	percentage of shareholding
Mr. Pong	352,176,000	936,794,000 (Note)	1,288,970,000	44.01%

Note: These shares are beneficially owned by Virtue Partner Group Limited, a company wholly owned by Mr. Pong, and therefore Mr. Pong deemed to be interested in the shares owned by Virtue Partner Group Limited, under SFO.

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

Save as disclosed above, as at 30 June 2010, none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2010, other than the interests of certain directors and chief executive of the Company as disclosed under the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the company or any associated corporation" above, the interests or short positions of person in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity in which shares are held	Number of issued shares	Percentage of the issued share capital
Ms. Tung Ching Yee, Helena (Note 1)	Family interest	1,288,970,000	44.01%
Virtue Partner Group Limited (Note 2)	Beneficial owner	936,794,000	31.99%
Richfield (Holdings) Limited (Note 3)	Beneficial owner	760,000,000	25.95%
Mr. Au (Note 3)	Interest in controlled corporation	760,000,000	25.95%
Vastwood Limited (Note 3)	Beneficial owner	760,000,000	25.95%
Richfield Group Holdings Limited (Note 3)	Interest in controlled corporation	760,000,000	25.95%
Ms. Kong Pik Fan (Note 4)	Family interest	760,000,000	25.95%

Notes:

1. Ms. Tung Ching Yee, Helena is the wife of Mr. Pong and accordingly deemed to be interested in the shares beneficially owned by Mr. Pong in his own capacity and through his controlled corporation, Virtue Partner Group Limited, under SFO.

2. These shares are beneficially owned by Virtue Partner Group Limited, a company wholly owned by Mr. Pong.

3. These shares are beneficially owned by Richfield (Holdings) Limited, a company wholly owned by Mr. Au, and therefore Mr. Au deemed to be interested in the shares owned by Richfield (Holdings) Limited, under SFO. On 12 June 2008, Richfield (Holdings) Limited as a chargor has executed a share charge in favour of Vastwood Limited, a wholly-owned subsidiary of the Company, as a chargee in respect of the fixed charge over these 760,000,000 shares. Therefore, the Company deemed to be interested in the shares owned by Vastwood Limited under SFO.

4. Ms. Kong Pik Fan is the wife of Mr. Au and accordingly deemed to be interested in the shares beneficially owned by Mr. Au in his own capacity and through his controlled corporation, Richfield (Holdings) Limited, under SFO.

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

Save as disclosed above, as at 30 June 2010, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company's share option scheme was adopted on 2 May 2002 for the purpose of granting options to selected persons as incentives or rewards for their contribution to the Group. Under which the Board may, at its discretion, grant options to the eligible participants of the scheme, including any directors, employees, consultants, advisers, suppliers or customers of the Group entitling them to subscribe for shares representing up to a maximum of 10% of the shares in the Company in issue at the date of grant.

On 9 July 2010, the Company granted 8,400,000 share options (the "Options") to Mr. Pong, the executive Director and substantial shareholder of the Company, and Mr. Au, the director of subsidiaries and the substantial shareholder of the Company (the "Grantees") under the Company's share option scheme adopted by the Company on 2 May 2002 (the "Scheme"). The Options shall entitle the Grantees to subscribe for a total of 16,800,000 new shares of HK$0.01 each (the "Shares") in the capital of the Company at the exercise price of HK$0.59 per share and was valid for the period from 9 July 2010 to 8 July 2015. Apart from as disclosed above, no share option was granted, exercised or lapsed under the scheme.

DIRECTOR'S RIGHTS TO ACQUIRE SHARE OR DEBENTURES

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

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

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

INVESTMENT IN SUBSIDIARIES

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

MANAGEMENT CONTRACTS

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

PUBLIC FLOAT

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

DIRECTORS' INTERESTS IN COMPETING INTERESTS

As at the date of this report, none of the Directors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

CONNECTED TRANSACTION

There were no significant connected party transactions entered into by the Group for the year ended 30 June 2010.

Pursuant to the sales and purchase agreement dated 10 April 2007 (the "Acquisition Agreement") for the acquisition of Richfield Realty (the "Acquisition"), both Richfield (Holdings) Limited, as the vendor of the Acquisition, and Mr. Au, as the guarantor of the Acquisition, were guaranteed that the audited net profit before payment of the bonus payable to the management of Richfield Realty and after tax and any extraordinary or exceptional items of Richfield Realty for the year ended 28 May 2008 (the "Guaranteed Period") should not be less than HK$150,000,000 (the "Guaranteed Profit").

However, according to the audited financial statements of Richfield Realty, the Guaranteed Profit was not met as a result of the unforeseeable economic environment. Having considered the prospects of the business of the property assembly and brokerage and the potential of Richfield Realty, an agreement (the "Settlement Agreement") as supplemented by a supplemental agreement dated 17 July 2008 (the "Supplemental Agreement") was entered into on 12 June 2008 which, among the other things, was proposed to extend the time for fulfillment of an agreed guaranteed profit of approximately HK$345,949,000 ("New Guaranteed Profit").

As a result of the change of year end date of the Company as announced on 18 July 2008, the parties to the Settlement Agreement has entered into the Supplemental Agreement on 17 July 2008, pursuant to which the relevant period for the New Guaranteed Profit has been changed from 1 April 2008 to 31 March 2011 to the 36-month period from 1 July 2008 to 30 June 2011.

Both the Settlement Agreement and the Supplemental Agreement and the transactions respectively contemplated thereunder have been approved by the Independent Shareholders at the extraordinary general meetings of the Company held on 4 August 2008 and 25 August 2008 respectively.

After completion of the Acquisition, the Group has undergone internal group restructuring with the incorporation of a number of companies as wholly subsidiaries (together as the "New Companies"). The purpose of the internal group restructuring is to enhance the internal control and corporate governance of the members of the Group. In addition, the internal group restructuring will detach the profit centres and the cost centres of the original property related business functions carried out by Richfield Realty alone and would improve the management efficiency and accountability.

Consequently after such internal group restructuring, Richfield Realty is now mainly engaged in the provision of estate agency services and received agency income. All other services in connection with property consolidation, assembly and redevelopments are mainly carried out by the New Companies. Both the New Companies and Richfield Realty are wholly owned by Vastwood Limited, a wholly owned subsidiary of the Company, and are under the same management.

Since the New Guaranteed Profit under the Settlement Agreement concerns the profit of Richfield Realty only, a strict interpretation of the relevant provisions of the Settlement Agreement and the Supplemental Agreement will mean that the revenues and profit presently generated by the New Companies, but which were carved out from the original operations of Richfield Realty, would not be accounted for in the calculation of the New Guaranteed Profit.

In order to reflect the original intention of the parties, on 25 August 2010, a second supplemental agreement (the "Second Supplemental Agreement") to the Settlement Agreement was entered into, pursuant to which the New Guaranteed Profit will include the profits of Richfield Realty and the New Companies (the "Proposed Amendments").

The Company considers that the Proposed Amendments do not constitute a material change to the terms of the Settlement Agreement and is of the view that the Proposed Amendments are merely reflection of the original terms that have been approved by the Independent Shareholders and are necessitated by the implementation of the internal restructuring of the Group as mentioned herein.

PRE-EMPTIVE RIGHTS

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

AUDITORS

The financial statements were audited by Grant Thornton. A resolution to re-appoint the retiring auditors, Grant Thornton, will be put at the forthcoming annual general meeting.

FOR AND ON BEHALF OF THE BOARD
Pong Wai San, Wilson
Executive Director

Hong Kong
21 September 2010

INDEPENDENT AUDITORS' REPORT

Grant Thornton
均富

Member of Grant Thornton International Ltd

To the members of Richfield Group Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Richfield Group Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 26 to 80, which comprise the consolidated and company statements of financial position as at 30 June 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 30 June 2010, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2010 and of the Group's profit and cash flows for the year ended 30 June 2010 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton
Certified Public Accountants
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

21 September 2010

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2010

	Notes	Year ended 30 June 2010 HK$'000	Period from 1 April 2008 to 30 June 2009 HK$'000 (Re-presented)
Continuing operations:			
Revenue	6	**310,709**	115,443
Cost of sales		**(106,727)**	(61,571)
Gross profit		**203,982**	53,872
Other income	6	**2,051**	5,104
Selling and distribution expenses		**(5,092)**	(3,529)
Administrative expenses		**(35,420)**	(20,761)
Operating profit	7	**165,521**	34,686
Finance costs	8	**(5)**	–
Share of profit of associates	19	**1**	–
Profit before income tax		**165,517**	34,686
Income tax expense	9	**(25,868)**	(10,980)
Profit for the year/period from continuing operations attributable to the owners of the Company		**139,649**	23,706
Discontinued operations:			
Profit/(loss) for the year/period from discontinued operations	12	**788**	(79)
Profit for the year/period attributable to the owners of the Company	10	**140,437**	23,627
Earnings/(loss) per share for profit/(loss) attributable to the owners of the Company	13		
Basic			
– Continuing operations		**HK 4.77 cents**	HK 0.82 cent
– Discontinued operations		**HK 0.03 cent**	(HK 0.01 cent)
– Continuing and discontinued operations		**HK 4.80 cents**	HK 0.81 cent
Diluted			
– Continuing operations		**N/A**	N/A
– Discontinued operations		**N/A**	N/A
– Continuing and discontinued operations		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

	Year ended 30 June 2010 HK$'000	Period from 1 April 2008 to 30 June 2009 HK$'000 (Re-presented)
Profit for the year/period	**140,437**	23,627
Other comprehensive income		
Net fair value gain on available-for-sale financial assets	**80,780**	3,444
Other comprehensive income for the year/period	**80,780**	3,444
Total comprehensive income for the year/period attributable to the owners of the Company	**221,217**	27,071

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16(a)	**10,957**	1,457
Leasehold land	17	**17,193**	–
Interests in associates	19	**–**	–
Goodwill	20	**474,000**	474,000
Available-for-sale financial assets	21	**116,304**	28,612
Rental and sundry deposits		**58**	205
Long term trade receivables	24	**–**	730
		618,512	505,004
Current assets			
Properties held for trading	22	**37,450**	40,973
Properties under development	23	**14,334**	–
Trade receivables	24	**102,445**	4,466
Prepayments, deposits and other receivables		**18,438**	2,875
Amount due from associate	19	**42,867**	–
Financial assets at fair value through profit or loss	25	**3,696**	3,002
Cash and cash equivalents	26	**231,842**	247,131
Restricted bank deposits	27	**64,247**	–
		515,319	298,447
Current liabilities			
Bank overdrafts	28	**389**	–
Trade payables	29	**–**	1,994
Accrued expenses and other payables		**97,346**	1,859
Finance lease liabilities	30	**97**	–
Taxes payable		**37,267**	11,721
		135,099	15,574
Net current assets		**380,220**	282,873
Total assets less current liabilities		**998,732**	787,877
Non-current liabilities			
Finance lease liabilities	30	**356**	–
Net assets		**998,376**	787,877
EQUITY			
Equity attributable to the owners of the Company			
Share capital	31	**29,285**	29,285
Reserves	32	**969,091**	758,592
Total equity		**998,376**	787,877

Pong Wai San, Wilson
Director

Lee Wing Yin
Director

STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	18	**–**	8
Property, plant and equipment	16(b)	**662**	–
Available-for-sale financial assets	21	**116,304**	28,612
		116,966	28,620
Current assets			
Prepayments, deposits and other receivables		**352**	599
Amounts due from subsidiaries	18	**557,224**	520,205
Financial assets at fair value through profit or loss	25	**3,696**	3,002
Cash and cash equivalents	26	**179,348**	194,165
		740,620	717,971
Current liabilities			
Accrued expenses and other payables		**100**	100
Amounts due to subsidiaries	18	**21,806**	25
		21,906	125
Net current assets		**718,714**	717,846
Net assets		**835,680**	746,466
EQUITY			
Share capital	31	**29,285**	29,285
Reserves	32	**806,395**	717,181
Total equity		**835,680**	746,466

Pong Wai San, Wilson
Director

Lee Wing Yin
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2010

	Notes	Year ended 30 June 2010 HK$'000	Period from 1 April 2008 to 30 June 2009 HK$'000 (Re-presented)
Cash flows from operating activities of continuing and discontinued operations			
Profit/(Loss) before income tax			
Continuing operations		**165,517**	34,686
Discontinued operations		**788**	(79)
Adjustments for:			
Interest income	6	**(835)**	(4,273)
Gain on disposals of subsidiaries	12	**(788)**	–
Amortisation	7	**226**	–
Depreciation	7	**1,333**	735
Net fair value (gain)/loss on financial assets at fair value through profit or loss	6, 7	**(251)**	3,673
Loss on disposals of property, plant and equipment	7	**–**	25
Interest expenses	8	**5**	–
Operating profit before working capital changes		**165,995**	34,767
Decrease in properties held for trading		**3,523**	1,944
Increase in properties under development		**(14,334)**	–
(Increase)/Decrease in trade receivables		**(97,249)**	34,863
(Increase)/Decrease in prepayments, deposits and other receivables		**(15,416)**	818
Increase in restricted bank deposits		**(64,247)**	–
Decrease in trade payables		**(1,707)**	(14,396)
Increase/(Decrease) in accrued expenses and other payables		**95,663**	(710)
Cash generated from operations		**72,228**	57,286
Interest received		**835**	3,674
Interest paid		**(5)**	–
Hong Kong profits tax paid		**–**	(8,188)
Net cash generated from operating activities		**73,058**	52,772
Cash flows from investing activities of continuing and discontinued operations			
Purchases of property, plant and equipment		**(10,340)**	(1,432)
Purchase of leasehold land		**(17,419)**	–
Purchases of financial assets at fair value through profit or loss		**(14,895)**	(109,962)
Purchases of available-for-sale financial assets		**(6,912)**	(25,168)
Net cash inflow arising from disposals of subsidiaries	34	**3**	–
Sales proceeds of disposals of financial assets at fair value through profit or loss		**14,452**	106,805
Sales proceeds of disposals of property, plant and equipment		**–**	6
Advanced to associate		**(42,867)**	–
Net cash used in investing activities		**(77,978)**	(29,751)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2010

	Notes	Year ended 30 June 2010 HK$'000	Period from 1 April 2008 to 30 June 2009 HK$'000 (Re-presented)
Cash flows from financing activities of continuing and discontinued operations			
Capital element of finance lease liabilities paid		**(40)**	–
Dividends paid	11	**(10,718)**	(20,997)
Net cash used in financing activities		**(10,758)**	(20,997)
Net (decrease)/increase in cash and cash equivalents		**(15,678)**	2,024
Cash and cash equivalents at beginning of year/period		**247,131**	245,107
Cash and cash equivalents at end of year/period		**231,453**	247,131
Analysis of balances of cash and cash equivalents			
Cash and bank balances	26	**101,037**	64,540
Time deposits at banks	26	**130,805**	182,591
Bank overdrafts	28	**(389)**	–
		231,453	247,131

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2010

	Equity attributable to the owners of the Company				
	Share capital HK$'000	Share premium account HK$'000	Revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2008	29,285	747,769	–	4,749	781,803
Profit for the period	–	–	–	23,627	23,627
Other comprehensive income					
Fair value gain on available-for-sale financial assets	–	–	3,444	–	3,444
Total comprehensive income for the period	–	–	3,444	23,627	27,071
Dividends paid	–	(20,997)	–	–	(20,997)
Transactions with owners	–	(20,997)	–	–	(20,997)
At 30 June 2009 and 1 July 2009	**29,285**	**726,772**	**3,444**	**28,376**	**787,877**
Profit for the year	**–**	**–**	**–**	**140,437**	**140,437**
Other comprehensive income					
Fair value gain on available-for-sale financial assets	**–**	**–**	**80,780**	**–**	**80,780**
Total comprehensive income for the year	**–**	**–**	**80,780**	**140,437**	**221,217**
Dividends paid (note 11)	**–**	**(10,718)**	**–**	**–**	**(10,718)**
Transactions with owners	**–**	**(10,718)**	**–**	**–**	**(10,718)**
At 30 June 2010	**29,285**	**716,054**	**84,224**	**168,813**	**998,376**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

1. GENERAL INFORMATION

Richfield Group Holdings Limited (the "Company") was incorporated in the Cayman Islands on 10 January 2002 as 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 1209, 12th Floor, Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Hong Kong. The Company's shares are listed on The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. Details of its subsidiaries (together with the Company referred to as the "Group") are set out in note 18 to the financial statements. The Group is principally engaged in the provision of property brokerage services, provision of schemes for property consolidation, assembly and redevelopment and property trading in Hong Kong and the trading of recycled computers. During the year, the Group is also engaged in the property development.

On 13 November 2009, the business of trading of bags and accessories carried out by the subsidiaries, namely Multi Merchant Investments Limited ("Multi Merchant") and FX International Limited ("FX International") were disposed of to an independent third party as this business had suffered persistent losses and there will be no improvement in the near future. Details of the disposals of the subsidiaries are set out in notes 12 and 34 to the financial statements. This business segment is also presented as discontinued operations in accordance with HKFRS 5. Certain comparatives on the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and related notes have been re-presented as a result of the retrospective application of HKFRS 5.

Other than the disposals as described above, there were no significant changes in the Group's operations during the year.

Pursuant to a resolution passed by the board of directors on 17 July 2008, the Company's financial year end was changed from 31 March to 30 June each year. Accordingly, the financial statements for the comparative period cover the fifteen months ended 30 June 2009 whilst the current year's amounts shown on the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and related notes cover the twelve-month period from 1 July 2009 to 30 June 2010. The comparative information may not be comparable with amounts shown for the current year.

The consolidated financial statements on pages 26 to 80 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations ("Int") 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 GEM of the Stock Exchange.

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.

The consolidated financial statements for the year ended 30 June 2010 were approved for issue by the board of directors on 21 September 2010.

2. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "New HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 July 2009:

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 2 (Amendments)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 15	Agreements for Construction of Real Estate
Various – Annual Improvements to HKFRS 2008	

Other than as noted below, the adoption of the New HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKAS 1 (Revised 2007) Presentation of financial statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures.

The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example fair value change on available-for-sale financial assets. HKAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'. Comparatives have been restated to conform with the revised standard. The Group has applied changes to its accounting polices on presentation of financial statements and segment reporting retrospectively. However, the changes to the comparatives have not affected the consolidated or the Company's statement of financial position at 1 April 2008 and accordingly these statements as at 1 April 2008 are not presented.

HKAS 27 (Amendments) Cost of an investment in a subsidiary, jointly controlled entity or an associate

The amendment requires the investor to recognise dividends from a subsidiary, jointly controlled entity or associate in profit or loss irrespective the distributions are out of the investee's pre-acquisition or post-acquisition reserves. In prior years, the Company recognised dividends out of pre-acquisition reserves as a recovery of its investment in the subsidiaries, jointly controlled entities or associates (i.e. a reduction of the cost of investment). Only dividends out of post-acquisition reserves were recognised as income in profit or loss.

Under the new accounting policy, if the dividend distribution is excessive, the investment would be tested for impairment according to the Company's accounting policy on impairment of non-financial assets.

The new accounting policy has been applied prospectively as required by these amendments to HKAS 27 and therefore no comparatives have been restated.

HKFRS 3 Business combinations (Revised 2008)

The adoption of HKFRS 3 requires the use of the purchase method (now renamed as the acquisition method) and introduces certain changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interests) in the acquiree. The revised standard has been applied prospectively to business combination for which the acquisition date is on or after 1 July 2009. Business combinations for which the acquisition date is before 1 July 2009 have not been restated. This standard does not have any impact on the consolidated financial statements as the Group has not entered into any business combination during the year.

2. ADOPTION OF NEW OR AMENDED HKFRSs *(cont'd)*

HKAS 27 Consolidated and separate financial statements (Revised 2008)

The adoption of HKFRS 3 required that the revised HKAS 27 is adopted at the same time. HKAS 27 introduced changes to the accounting requirements for transactions with non-controlling (formerly called "minority") interests and the loss of control of a subsidiary. Similar to HKFRS 3, the adoption of HKAS 27 is applied prospectively. The adoption of HKAS 27 did not have an impact on the consolidated financial statements.

HKFRS 8 Operating segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been restated on a basis consistent with the new standard.

HKFRS 7 (Amendments) Improving disclosures about financial instruments

The amendments require additional disclosures for financial instruments which are measured at fair value in the statement of financial position. These fair value measurements are categorised into a three-level fair value hierarchy, which reflects the extent of observable market data used in making the measurements. In addition, the maturity analysis for derivative financial liabilities is disclosed separately and should show remaining contractual maturities for those derivatives where this information is essential for an understanding of the timing of the cash flows. The Group has taken advantage of the traditional provisions in the amendments and has not provided comparative information in respect of the new requirements.

At the date of authorisation of these financial statements, the following 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 other new and amended HKFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

HKFRS 9 Financial instruments

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the characteristics of the financial asset. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

Annual improvements 2009

The HKICPA has issued Improvements to Hong Kong Financial Reporting Standards 2009. Most of the amendments become effective for annual periods beginning on or after 1 January 2010. The Group expects that the amendment to HKAS 17 Leases to be relevant to the Group's accounting policies. Prior to the amendment, HKAS 17 generally required a lease of land to be classified as an operating lease. The amendment requires a lease of land to be classified as an operating or finance lease in accordance with the general principles in HKAS 17. The Group will need to reassess the classification of its unexpired leases of land at 1 July 2010 on the basis of information existing at the inception of those leases in accordance with the transitional provisions for the amendment. The amendment will apply retrospectively except where the necessary information is not available. In that situation, the leases will be assessed on the date when the amendment is adopted. The directors are currently assessing the possible impact of the amendment on the Group's results and financial position in the first year of application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

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

The financial statements have been prepared under historical cost convention, except for financial assets at fair value through profit or loss and available-for-sale financial assets which are stated at fair value. The measurement bases are fully described in the accounting policies below.

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

3.2 Basis of consolidation

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

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

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

3.3 Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In consolidated financial statements, acquisition of subsidiaries (other than those under common control) is accounted for by applying the purchase method. This involves the estimation of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

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

3.4 Associates

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% and 50% of voting rights but which are neither subsidiaries nor investment in a joint venture.

In consolidated financial statements, an investment in an associate is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. Goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the Group's interest in the associate is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the period includes the Group's share of the post-acquisition, post-tax results of the associate for the year, including any impairment loss on the investment in associate recognised for the year.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Where unrealised losses on assets sales between the Group and its associates are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate's accounting policies to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. At each reporting date, the Group determines whether there is any objective evidence that the investment in associate is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (higher of value-in-use and fair value less costs to sell) of the associate and its carrying amount. In determining the value-in-use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate, including cash flows arising from the operations of the associate and the proceeds on ultimate disposal of the investment.

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

3.5 Goodwill

Set out below are the accounting policies on goodwill arising on acquisition of a subsidiary. Accounting for goodwill arising on acquisition of investment in an associate is set out in note 3.4.

Goodwill arising in a business combination is measured as the excess of the sum of the fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net fair value of the acquisition-date identifiable assets acquired and the liabilities assumed.

Goodwill is stated at cost less impairment losses. Goodwill is allocated to cash-generating units ("CGUs") and is tested annually for impairment.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in profit or loss.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

3.6 Foreign currency translation

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

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

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

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

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

3.7 Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3.8 Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

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

Leasehold buildings	4% or over the lease terms, whichever is shorter
Furniture, fixtures and equipment	20% to 30%
Leasehold improvements	20% or over the lease terms, whichever is shorter

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

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

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

3.9 Leasehold land

Upfront payments made to acquire land held under an operating lease are stated at cost less accumulated amortisation and any impairment losses. The determination of an arrangement is or contains a lease and the lease is an operating lease is detailed in note 3.11. Amortisation is calculated on straight-line method over the terms of the lease/right of use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

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

3.10 Impairment of non-financial assets

Goodwill, property, plant and equipment, leasehold land and interests in subsidiaries and associates are subject to impairment testing.

Goodwill arising from business combinations is tested for impairment at least annually, irrespective of whether there is any indication that it is impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Goodwill in particular is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

Impairment losses recognised for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value-in-use, if determinable.

An impairment loss on goodwill arising from business combinations is not reversed in subsequent periods including impairment losses recognised in an interim period. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.11 Operating leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Assets acquired under finance leases

Where the Group acquires the right to use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments of such assets, are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as finance lease liabilities.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

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

3.11 Operating leases *(cont'd)*

(i) Assets acquired under finance leases (cont'd)

Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(ii) Operating lease charges as the lessee

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on straight-line method over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

(iii) Assets leased out under operating leases as the lessor

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Rental income receivable from operating leases is recognised in profit or loss on straight-line method over the periods covered by the lease term, except where an alternative basis is more representative of the time pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

3.12 Financial assets

The Group's financial assets are classified into the loans and receivables, financial assets at fair value through profit or loss and available-for-sale financial assets.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date, that is, the date that the Group commits to purchase or sell the asset. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

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

3.12 Financial assets *(cont'd)*

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are mainly financial assets held for trading and they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

– the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or

– the assets are part of a group of financial assets which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel; or

– the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised in accordance with the Group's policies in note 3.21.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised in other comprehensive income and accumulated separately in the revaluation reserve in equity, except for impairment losses and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition.

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

3.12 Financial assets *(cont'd)*

Impairment of financial assets

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

(i) *Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

(ii) *Available-for-sale financial assets*

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and accumulated in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in profit or loss as an impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

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

3.12 Financial assets *(cont'd)*

(ii) Available-for-sale financial assets (cont'd)

Reversals in respect of investment in equity instruments classified as available-for-sale and stated at fair value are not recognised in profit or loss. The subsequent increase in fair value is recognised directly in other comprehensive income. Impairment losses in respect of debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversal of impairment losses in such circumstances are recognised in profit or loss.

(iii) Financial assets carried at cost

The amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Financial assets other than financial assets at fair value through profit or loss and trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

Impairment losses recognised in an interim period in respect of available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of an annual period, or in a subsequent period, the increase is recognised in other comprehensive income.

3.13 Properties held for trading

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

3.14 Properties under development

Properties under development are carried at the lower of cost and net realisable value. Cost comprises the acquisition cost of land and/or properties, development expenditure, other direct expenses and capitalised borrowing costs. Net realisable value represents the estimated selling price less estimated cost of completion and applicable selling expenses.

3.15 Accounting for income taxes

Income tax comprises current and deferred tax.

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

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

3.15 Accounting for income taxes *(cont'd)*

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

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

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

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

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

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

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  (i) the same taxable entity; or

  (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.16 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Money received from developers of property assembly projects for the purpose of initial deposit payments to property owners are placed in designated bank accounts and the Group restricts the use of these bank accounts to initial deposit payments only. The balances in these bank accounts do not form part of the Group's cash management and therefore are excluded from the Group's cash and cash equivalents balances.

For the purpose of statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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

3.17 Share capital

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

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

3.18 Retirement benefit costs and short-term employee benefits

(i) Defined contribution plan

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are recognised in profit or loss as employees render services during the year. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

(ii) Short-term employee benefits

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

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

3.19 Financial liabilities

The Group's financial liabilities include bank overdrafts, trade and other payables and finance lease liabilities.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument and are derecognised when the obligations under the liability are discharged, cancelled or expires. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

(i) Trade and other payables

These are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method.

(ii) Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see note 3.11(i)).

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

3.20 Provisions and contingent liabilities

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

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

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

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

3.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, rendering of services and the use by others of the Group's assets yielding interest, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Commission income is recognised in the accounting period in which the services are rendered and the Group's entitlement to commission income becomes unconditional or irrevocable;

Trading of property is recognised upon the signing of the sale and purchase agreement;

Sales of goods are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods;

Interest income is recognised on a time-proportion basis using the effective interest method;

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the accounting periods covered by the lease terms. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivables;

Renovation service income is recognised when the services are rendered;

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

Management fee income is recognised pro-rata over the duration of the underlying agreement.

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

3.22 Borrowing costs

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

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

3.23 Segment reporting

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

The Group has identified the following reportable segments:

Property Assembly and Brokerage Business:	Provision of property brokerage services; provision of schemes for property consolidation, assembly and redevelopment; and property trading in Hong Kong
Property Development Business:	Property development (New business during the year)
Recycled Computer Business:	Trading of recycled computers

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 share of profit of associates accounted for using the equity method, finance costs, income tax 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 and interests in associates. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

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

No asymmetrical allocations have been applied to reportable segments.

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

3.24 Share-based payments

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

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

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

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

3.25 Discontinued operations

A discontinued operation is a clearly distinguishable component of the Group's business that has been disposed of or is classified as held for sale, which represents a separate major line of business or geographical area of operations of the Group.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

4.1 Estimated results of profit guarantee

As described in note 20, the purchase consideration of the acquisition of the entire equity interests in Richfield Realty Limited ("Richfield Realty") was contingent on the profit of Richfield Realty and certain companies within the Group. Based on the profit forecast, management makes estimates on the profit guarantee. The actual profit of Richfield Realty and certain companies within the Group may be lower than estimated one at the reporting date, which would affect the purchase consideration and goodwill accordingly.

4.2 Estimated impairment of goodwill

The Group tests goodwill arising from business combinations annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 3.10. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require estimations of the value-in-use of the CGUs to which the goodwill is allocated. If the actual growth rate had been lower or the pre-tax discounted rate higher than management's estimates, the Group may make the impairment losses that arose on goodwill.

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

4.3 Net realisable value of properties held for trading and properties under development

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

4.4 Impairment of receivables

The impairment loss on receivables of the Group is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

4.5 Taxation

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

5. SEGMENT INFORMATION

The executive directors have identified the Group's three product and service lines as operating segments as further described in note 3.23. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

There was no intersegment sale and transfer during the year (Period from 1 April 2008 to 30 June 2009: Nil).

	Property Assembly and Brokerage Business		Property Development		Recycled Computer Business		Total	
	Year ended 30 June 2010 HK$'000	Period from 1 April 2008 to 30 June 2009 HK$'000	**Year ended 30 June 2010 HK$'000**	Period from 1 April 2008 to 30 June 2009 HK$'000	**Year ended 30 June 2010 HK$'000**	Period from 1 April 2008 to 30 June 2009 HK$'000	**Year ended 30 June 2010 HK$'000**	Period from 1 April 2008 to 30 June 2009 HK$'000
Reportable segment revenue: From external customers	**308,851**	95,222	**–**	–	**1,858**	20,221	**310,709**	115,443
Reportable segment profit/(loss)	**169,123**	40,222	**–**	–	**(1,471)**	(3,631)	**167,652**	36,591
Bank interest income	**59**	211	**–**	–	**–**	2	**59**	213
Amortisation	**226**	–	**–**	–	**–**	–	**226**	–
Depreciation	**1,157**	708	**–**	–	**16**	27	**1,173**	735
Reportable segment assets	**776,235**	575,303	**14,334**	–	**32**	1,768	**790,601**	577,071
Additions to non-current segment assets during the year/period	**27,428**	1,430	**–**	–	**3**	2	**27,431**	1,432
Reportable segment liabilities	**134,902**	3,020	**–**	–	**–**	270	**134,902**	3,290

5. SEGMENT INFORMATION *(cont'd)*

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

	Year ended 30 June 2010 HK$'000	Period from 1 April 2008 to 30 June 2009 HK$'000
Reportable segment revenues	**310,709**	115,443
Consolidated revenues	**310,709**	115,443
Reportable segment profit	**167,652**	36,591
Renovation service income	**37**	–
Net fair value gain/(loss) on financial assets at fair value through profit or loss	**251**	(3,673)
Dividend income	**439**	465
Finance costs	**(5)**	–
Share of profit of associates	**1**	–
Unallocated corporate income	**777**	4,273
Unallocated corporate expenses	**(3,635)**	(2,970)
Profit before income tax from continuing operations	**165,517**	34,686

	2010 HK$'000	2009 HK$'000
Reportable segment assets	**790,601**	577,071
Amount due from associate	**42,867**	–
Available-for-sale financial assets	**116,304**	28,612
Financial assets at fair value through profit or loss	**3,696**	3,002
Corporate cash and bank balances and time deposits at banks	**179,348**	194,165
Other corporate assets	**1,015**	601
Group assets	**1,133,831**	803,451
Reportable segment liabilities	**134,902**	3,290
Other corporate liabilities	**553**	12,284
Group liabilities	**135,455**	15,574

All revenue from external customers and non-current assets are located in Hong Kong. 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 the non-current assets is based on the physical location of the assets.

During the year, there was no revenue from external customers attributable to the Cayman Islands (domicile) (Period from 1 April 2008 to 30 June 2009: Nil) and no non-current assets were located in the Cayman Islands (2009: Nil). The country of domicile is the country where the Company was incorporated.

During the year, HK$141,246,000 or 46% of the Group's revenue depended on a single customer in the Property Assembly and Brokerage Business (Period from 1 April 2008 to 30 June 2009: HK$41,500,000 or 35%).

6. REVENUE AND OTHER INCOME

The Group's principal activities are disclosed in note 1 to the financial statements. Turnover of the Group is the revenue from these activities on continuing and discontinued operations.

Revenue from the Group's principal activities and other income recognised during the year/period are as follows:

	Year ended 30 June 2010 HK$'000	Period from 1 April 2008 to 30 June 2009 HK$'000 (Re-presented)
Revenue on continuing operations		
Commission income	**293,851**	53,320
Sales of properties	**15,000**	41,902
Sales of goods	**1,858**	20,221
	310,709	115,443
Other income on continuing operations		
Interest income	**835**	4,273
Dividend income	**439**	465
Rental income	**191**	–
Renovation service income	**37**	–
Net fair value gain on financial assets at fair value through profit or loss	**251**	–
Exchange gain, net	**2**	–
Sundry income	**296**	366
	2,051	5,104
	312,760	120,547

Turnover of the Group for the year is HK$310,709,000 (Period from 1 April 2008 to 30 June 2009: HK$118,399,000).

7. OPERATING PROFIT

	Year ended 30 June 2010 HK$'000	Period from 1 April 2008 to 30 June 2009 HK$'000 (Re-presented)
Continuing operations		
Operating profit is arrived at after charging the following:		
Auditors' remuneration	**448**	456
Amortisation	**226**	–
Cost of inventories recognised as expense	**15,799**	35,308
Depreciation	**1,333**	735
Directors' remuneration (note 15.1)	**198**	150
Exchange loss, net	**–**	29
Net fair value loss on financial assets at fair value through profit or loss	**–**	3,673
Loss on disposals of property, plant and equipment	**–**	25
Minimum lease payments under operating lease rentals for land and buildings	**2,307**	2,010

8. FINANCE COSTS

The balance for the year ended 30 June 2010 represents the interest on the bank overdrafts. There were no interest expenses for the previous period.

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (Period from 1 April 2008 to 30 June 2009: 16.5%) on the estimated assessable profits arising in Hong Kong for the year.

(a) The amount of current income tax in the consolidated income statement represents:

	Year ended 30 June 2010 HK$'000	Period from 1 April 2008 to 30 June 2009 HK$'000 (Re-presented)
Hong Kong		
Current tax for the year/period	**25,868**	11,662
Over-provision in respect of prior years	**–**	(682)
Total income tax expense	**25,868**	10,980

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

	Year ended 30 June 2010 HK$'000	Period from 1 April 2008 to 30 June 2009 HK$'000 (Re-presented)
Profit before income tax	**165,517**	34,686
Tax calculated at 16.5% (Period from 1 April 2008 to 30 June 2009: 16.5%)	**27,310**	10,162
Tax effect of non-deductible expenses	**638**	242
Tax effect of non-taxable revenue	**(67)**	(772)
Tax effect of temporary difference not recognised	**37**	(74)
Tax effect of unused tax losses not recognised	**310**	2,102
Tax effect of prior year's unrecognised tax losses utilised this year	**(2,360)**	–
Over-provision in prior years	**–**	(682)
Others	**–**	2
Income tax expense	**25,868**	10,980

(b) Details of deferred taxation of the Group are set out in note 33.

10. PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

Of the consolidated profit attributable to the owners of the Company of HK$140,437,000 (Period from 1 April 2008 to 30 June 2009: HK$23,627,000), a profit of HK$19,152,000 (Period from 1 April 2008 to 30 June 2009: HK$16,014,000) has been dealt with in the financial statements of the Company.

11. DIVIDENDS

The directors of the Company do not recommend the payment of dividend for the year ended 30 June 2010.

A final dividend for the period from 1 April 2008 to 30 June 2009 of HK0.366 cent per share, amounting to HK$10,718,000 was paid to the shareholders of the Company in November 2009. The final dividends proposed after the reporting date had not been recognised as a liability at the reporting date.

12. DISCONTINUED OPERATIONS

As mentioned in note 1, the business of trading of bags and accessories which were carried by FX International were disposed of to an independent third party on 13 November 2009. This business segment is presented as discontinued operations in accordance with HKFRS 5.

An analysis of the results and cash flows of the discontinued operations included in the consolidated income statement and the statement of cash flows is as follows:

	Year ended 30 June 2010 HK$'000	Period from 1 April 2008 to 30 June 2009 HK$'000 (Re-presented)
Revenue	**–**	2,956
Expenses	**–**	(3,035)
Loss before income tax	**–**	(79)
Income tax expense	**–**	–
	–	(79)
Gain on disposals of subsidiaries (note 34)	**788**	–
Profit/(Loss) for the year/period from discontinued operations	**788**	(79)
Operating cash flows	**–**	(76)
Total cash flows	**–**	(76)

Profit from discontinued operations attributable to the owners of the Company is HK$788,000 during the year (Period from 1 April 2008 to 30 June 2009: a loss of HK$79,000).

For the period from 1 April 2008 to 30 June 2009, the cost of inventories recognised as expense of HK$2,927,000 included in the expenses.

13. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the following:

	Year ended 30 June 2010	Period from 1 April 2008 to 30 June 2009 (Re-presented)
Profit/(loss) for the year/period, attributable to the owners of the Company (HK'000)		
– from continuing operations	**139,649**	23,706
– from discontinued operations	**788**	(79)
	140,437	23,627
Weighted average number of ordinary shares in issue ('000)	**2,928,500**	2,928,500
Basic earnings/(loss) per share (HK cents)		
– from continuing operations	**4.77**	0.82
– from discontinued operations	**0.03**	(0.01)
	4.80	0.81

Diluted earnings per share for the year ended 30 June 2010 and for the period from 1 April 2008 to 30 June 2009 were not presented because there was no potential ordinary share in existence during the year/period.

14. EMPLOYEE BENEFIT EXPENSE (including directors' emoluments)

	Year ended 30 June 2010 HK$'000	Period from 1 April 2008 to 30 June 2009 HK$'000 (Re-presented)
Continuing operations		
Salaries	**97,781**	24,014
Pension costs – defined contribution plans	**1,122**	760
	98,903	24,774

15. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

15.1 Directors' emoluments

	Group			
	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Contributions to pension scheme HK$'000	Total HK$'000
Year ended 30 June 2010				
Executive directors				
Mr. Pong Wai San Wilson	–	–	–	–
Mr. Lee Wing Yin (note)	–	47	1	48
Non-executive director				
Mr. Li Chi Chung	–	–	–	–
Independent non-executive directors				
Mr. Koo Fook Sun Louis	50	–	–	50
Mr. Lai Hin Wing Henry	50	–	–	50
Mr. Lung Hung Cheuk	50	–	–	50
	150	47	1	198

Note: Mr. Lee Wing Yin was appointed on 1 June 2010.

	Group			
	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Contributions to pension scheme HK$'000	Total HK$'000
Period from 1 April 2008 to 30 June 2009				
Executive director				
Mr. Pong Wai San Wilson	–	–	–	–
Non-executive director				
Mr. Li Chi Chung	–	–	–	–
Independent non-executive directors				
Mr. Koo Fook Sun Louis	50	–	–	50
Mr. Lai Hin Wing Henry	50	–	–	50
Mr. Lung Hung Cheuk	50	–	–	50
	150	–	–	150

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (Period from 1 April 2008 to 30 June 2009: Nil).

15. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS *(cont'd)*

15.2 Five highest paid individuals

Of the five individuals whose emoluments were the highest in the Group for the year ended 30 June 2010, none (Period from 1 April 2008 to 30 June 2009: None) is director whose emoluments are reflected in the analysis presented above. The emoluments payable to the five (Period from 1 April 2008 to 30 June 2009: five) individuals during the year are as follows:

	Year ended 30 June 2010 HK$'000	Period from 1 April 2008 to 30 June 2009 HK$'000
Basic salaries, housing benefits, other allowances, share option and benefits in kind	**26,076**	6,698
Pension scheme contributions	**45**	57
	26,121	6,755

Their emoluments fell within the following bands:

	Number of individuals	
	Year ended 30 June 2010	Period from 1 April 2008 to 30 June 2009
Emolument bands		
Nil to HK$1,000,000	**–**	3
HK$2,000,001 to HK$2,500,000	**–**	1
HK$2,500,001 to HK$3,000,000	**1**	1
HK$3,000,001 to HK$3,500,000	**1**	–
HK$3,500,001 to HK$4,000,000	**2**	–
HK$13,000,001 to HK$13,500,000	**1**	–

During the year, no emoluments were paid by the Group to any of the directors of the Company or the highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office (Period from 1 April 2008 to 30 June 2009: Nil).

There was no arrangement under which any of the five highest paid employees waived or agreed to waive any remuneration during the year (Period from 1 April 2008 to 30 June 2009: Nil).

16. PROPERTY, PLANT AND EQUIPMENT

(a) Group

	Leasehold buildings HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Total HK$'000
At 1 April 2008				
Cost	–	786	226	1,012
Accumulated depreciation	–	(183)	(38)	(221)
Net carrying amount	–	603	188	791
Period from 1 April 2008 to 30 June 2009				
Opening net book amount	–	603	188	791
Additions	–	1,141	291	1,432
Disposals	–	(31)	–	(31)
Depreciation	–	(529)	(206)	(735)
Closing net book amount	–	1,184	273	1,457
At 30 June 2009				
Cost	–	1,883	518	2,401
Accumulated depreciation	–	(699)	(245)	(944)
Net carrying amount	–	1,184	273	1,457
Year ended 30 June 2010				
Opening net book amount	–	1,184	273	1,457
Additions	7,068	1,965	1,800	10,833
Depreciation	(165)	(858)	(310)	(1,333)
Closing net book amount	6,903	2,291	1,763	10,957
At 30 June 2010				
Cost	7,068	3,848	2,318	13,234
Accumulated depreciation	(165)	(1,557)	(555)	(2,277)
Net carrying amount	6,903	2,291	1,763	10,957

Leasehold buildings are held on medium lease and located in Hong Kong.

Furniture, fixtures and equipment with net carrying amount of HK$453,000 (2009: Nil) are held under finance leases (note 30).

16. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

(b) Company

	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Total HK$'000
At 1 April 2008, 30 June 2009 and 1 July 2009			
Cost	–	–	–
Accumulated depreciation	–	–	–
Net carrying amount	–	–	–
Year ended 30 June 2010			
Opening net book amount	–	–	–
Additions	687	135	822
Depreciation	(134)	(26)	(160)
Closing net book amount	553	109	662
At 30 June 2010			
Cost	687	135	822
Accumulated depreciation	(134)	(26)	(160)
Net carrying amount	553	109	662

17. LEASEHOLD LAND – GROUP

	HK$'000
At 1 April 2008, 30 June 2009 and 1 July 2009	
Cost	–
Accumulated amortisation	–
Net carrying amount	–
Year ended 30 June 2010	
Opening net book amount	–
Additions	17,419
Amortisation	(226)
Closing net book amount	17,193
At 30 June 2010	
Cost	17,419
Accumulated amortisation	(226)
Net carrying amount	17,193

Leasehold land is held on medium lease and located in Hong Kong.

18. INTERESTS IN AND DUE FROM/(TO) SUBSIDIARIES – COMPANY

	2010 HK$'000	2009 HK$'000
Non-current		
Unlisted investments, at cost	**–**	8
Current		
Due from subsidiaries	**557,224**	520,205
Due to subsidiaries	**21,806**	25

Amounts due are unsecured, interest free and repayable on demand.

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

	Place of incorporation/ registration and operations	**Nominal value of issued ordinary share capital**	**Percentage of equity attributable to the Company Direct**	**Indirect**	**Principal activities**
Genius Regent Limited	British Virgin Islands ("BVI")	Ordinary United States Dollars ("US$")1	100		Investment holding
Trigreat Investment Limited	BVI	Ordinary US$1	100		Investment holding
Vastwood Limited	BVI	Ordinary US$1	100		Investment holding
A-Join Property Agency Limited	Hong Kong ("HK")	Ordinary HK$1		100	Property agency
Joys Management Limited	HK	Ordinary HK$1		100	Provision of property assembly consultancy service
Maxitech System Company Limited	HK	Ordinary HK$2,500,000		100	Trading of recycled computers
Richfield Realty	HK	Ordinary HK$1		100	Property agency and site assembly
Richfull Consultants Limited	HK	Ordinary HK$1		100	Consultancy services

18. INTERESTS IN AND DUE FROM/(TO) SUBSIDIARIES – COMPANY *(cont'd)*

	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Favour Choice International Limited	BVI	Ordinary US$1		100	Property holding
Fruitful Year International Limited	HK	Ordinary HK$1		100	Property holding
Maison Investment Development Limited	BVI	Ordinary US$1		100	Property holding
Mutual Wave Limited	HK	Ordinary HK$1		100	Property holding
Sentiment Great Limited	BVI	Ordinary US$1		100	Property holding
Wofeng Holding Limited	BVI	Ordinary US$1		100	Property development
Wo Ming Limited	BVI	Ordinary US$1		100	Property holding

19. INTERESTS IN AND AMOUNT DUE FROM ASSOCIATES – GROUP

	2010 HK$'000	2009 HK$'000
Non-current		
Share of net assets	**–**	–
Current		
Due from associate	**42,867**	–

As at 30 June 2010, amount due from associate is unsecured, interest-free and repayable on demand.

The particulars of the associates are as follows:

Name of associates	Particular of issued and paid up shares	Place of incorporation and operations	Form of business structure	% of interest held	Principal activities
Apex Plan Limited	10 ordinary shares of US$1 each	BVI	Incorporated	30%	Investment holding
Everhost Limited	1 ordinary share of HK$1 each	HK	Incorporated	30%	Property development

All associates adopt their financial year end dates on 31 December.

19. INTERESTS IN AND AMOUNT DUE FROM ASSOCIATES – GROUP *(cont'd)*

The aggregated amounts of financial information as extracted from the financial statements of the associates are as follows:

	2010 HK$'000	2009 HK$'000
Assets	**335,346**	–
Liabilities	**335,343**	–

	Year ended 30 June 2010 HK$'000	Period from 1 April 2008 to 30 June 2009 HK$'000
Revenues	**10**	–
Profit	**3**	–

20. GOODWILL – GROUP

Goodwill in 2010 and 2009 arose from the acquisition of Richfield Realty in 2007. The net carrying amount of goodwill can be analysed as follows:

	2010 HK$'000	2009 HK$'000
Net carrying amount at the beginning of year/period	**474,000**	156,200
Adjustment on the purchase consideration of Richfield Realty pursuant to settlement agreements (note)	**–**	317,800
Net carrying amount at the end of year/period attributable to the Property Assembly and Brokerage Business	**474,000**	474,000

Note: On 29 May 2007, the Group completed the acquisition (the "Acquisition") of the entire equity interests in Richfield Realty which is engaged in the Property Assembly and Brokerage Business, at a consideration of HK$597,000,000 which was satisfied as to HK$120,000,000 by the issue of the promissory notes, HK$456,000,000 by the issue of the convertible bonds and HK$21,000,000 by cash. Details of the Acquisition were set out in the Company's circular dated 10 May 2007 (the "Circular"). Thus, at the acquisition date (i.e. 29 May 2007), the fair value of the consideration of the Acquisition was HK$556,956,000 which was assessed based on the fair value of the following:

	HK$'000
Fair value of promissory notes issued	79,956
Fair value of convertible bonds issued	456,000
Cash paid	21,000
Purchase consideration	556,956

20. GOODWILL – GROUP *(cont'd)*

Note: *(cont'd)*

As described in the Circular, as a part of the consideration of the Acquisition, the Company issued promissory notes with a principal amount of HK$120,000,000. These notes were unsecured, interest bearing at 1% per annum and were repayable on 28 May 2012. The fair value at the date of issue amounting to HK$79,956,000 was calculated at the discounted borrowing rate of 9% per annum.

As described in the Circular, the purchase consideration was contingent on the results of Richfield Realty where its guarantee profit for the year ended 28 May 2008 should be no less than HK$150,000,000 (the "Original Guarantee Profit"). When the results of Richfield Realty for the period from 29 May 2007 to 28 May 2008 (the "Actual Profit") were less than the Original Guarantee Profit, the vendor, who subsequently became a shareholder of the Company upon conversion of convertible bonds, should compensate an amount, which was equivalent to 3.98 times of the difference between the Original Guarantee Profit and the Actual Profit, to the Group. This compensation was first to be setoff against the carrying value of the promissory notes and the remaining amount was therefore repayable by this shareholder (i.e. the vendor of the Acquisition and ex-convertible bond holder) to the Group.

Pursuant to the agreement dated 12 June 2008 and another supplemental settlement agreement dated 17 July 2008 entered into between this shareholder and the Group (the "Settlement Agreement") and pursuant to the resolution for the approval of the Settlement Agreement by the independent shareholders in the extraordinary general meeting held on 25 August 2008, the repayment for the amount due from this shareholder was compensated by a new guarantee profit of Richfield Realty, under which this shareholder has irrevocably warranted and guaranteed to the Group the revised guarantee profit of Richfield Realty for the 36-month period commencing from 1 July 2008 is no less than HK$345,949,000 (the "Revised Guarantee Profit"). This amount is determined based on 3.98 times of the difference between the Original Guarantee Profit of HK$150,000,000 and the actual profit of Richfield Realty for the period from 29 May 2007 to 28 May 2008 and deduction of the face value of the promissory note of HK$120,000,000 and multiple of 1.06. Details of Settlement Agreement were set out in the Company's announcement dated 13 June 2008 and 28 July 2008.

The Settlement Agreement together with the sales and purchase agreement dated 10 April 2007 for the acquisition of Richfield Realty are constituted as one transaction as a whole and therefore are read together for the Acquisition. As a result, the fair value of the purchase consideration was restated as HK$477,000,000 for the period from 1 April 2008 to 30 June 2009. Goodwill arising from the Acquisition was thus HK$474,00,000 calculated as follows:

	HK$'000
Purchase consideration as at 31 March 2008	**159,200**
Add: Adjustment on purchase consideration	
– based on the Original Guarantee Profit	**(8,567)**
– based on the Revised Guarantee Profit	**326,367**
	317,800
	477,000
Fair value of net assets acquired	**(3,000)**
Goodwill	**474,000**

Pursuant to the second supplement agreement to the Settlement Agreement dated 25 August 2010 entered into between this shareholder and the Group, the Revised Guaranteed Profit will include the profits of Richfield Realty and certain new wholly-owned subsidiaries within the Group. These new subsidiaries are set up to take over some of the operation functions previously undertaken by Richfield Realty pursuant to an internal restructuring of the Group, details of which are set out in the Company's announcement dated 25 August 2010.

The recoverable amounts of the CGU engaged in the Property Assembly and Brokerage Business were determined based on value-in-use calculations, using cash flow projections based on financial budgets covering a five-year period approved by management and valued by the independent professional valuers. For the year ended 30 June 2010, the cash flows beyond the five-year period (2009: five-year period) were extrapolated using an average growth rate of 3% (2009: Nil). The growth rates reflected the long-term average growth rates of this CGU. The discount rate applied to cash flow calculation was 11 % (2009: 13%).

20. GOODWILL – GROUP *(cont'd)*

Management's key assumptions include stable profit margins, which are determined based on past performance and its expectations for market share after taking into consideration of published market forecast and research. Management believes that this is the best available input for forecasting the property market. The growth rates used are generally consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Apart from the considerations described above in determining the value-in-use of the CGUs, the Group's management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS – GROUP AND COMPANY

	2010 HK$'000	2009 HK$'000
Listed equity securities – Hong Kong	**99,200**	19,700
Unlisted investment funds	**17,104**	8,912
	116,304	28,612
Market value of listed investments	**99,200**	19,700

Listed equity securities and unlisted investment funds with carrying amounts of HK$99,200,000 (2009: HK$19,700,000) and HK$9,538,000 (2009: HK$7,636,000) respectively are stated at fair value. The fair values have been determined directly by reference to published price and quotations in active markets.

Unlisted investment funds with a carrying amount of HK$7,566,000 (2009: HK$1,276,000) 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.

22. PROPERTIES HELD FOR TRADING – GROUP

The analysis of carrying amount of properties held for trading is as follows:

	2010 HK$'000	2009 HK$'000
In Hong Kong		
– 10 to 50 years (medium leases)	**18,948**	18,948
– 50 years or more (long leases)	**18,502**	22,025
	37,450	40,973

23. PROPERTIES UNDER DEVELOPMENT – GROUP

All properties under development are stated at cost.

24. TRADE RECEIVABLES – GROUP

	2010 HK$'000	2009 HK$'000
Non-current	–	730
Current	102,445	4,466
	102,445	5,196

For the trading of bags and accessories and the Recycled Computer Business, the Group's trading terms with its customers are mainly on credit, which generally have credit periods of up to 90 days (2009: 90 days) and do not bear any interest.

For the Property Assembly and Brokerage Business, the Group generally allows a credit period from 1 month to 3 years (2009: 1 month to 3 years) to its trade customers, in accordance with the terms of the mutual agreements after individual negotiations.

Based on the invoice dates, ageing analysis of trade receivables is as follows:

	2010 HK$'000	2009 HK$'000
Within 90 days	101,583	5,196
91 to 180 days	361	–
Over 180 days	501	–
	102,445	5,196

All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regards to trade receivables, as the amounts recognised resemble a large number of receivables from various customers. Impairment on trade receivables is recognised when the debts are identified to be irrecoverable.

Based on due date, ageing analysis of trade receivables is as follows:

	2010 HK$'000	2009 HK$'000
Neither past due nor impaired	101,583	5,169
Less than 90 days past due	361	27
Over 90 days past due	501	–
Trade receivables that are past due but not impaired	862	27
	102,445	5,196

Included in trade receivables, no amounts are denominated in a currency other than the functional currency of the entity to which they relate (2009: RMB144,000).

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

24. TRADE RECEIVABLES – GROUP *(cont'd)*

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

As at 30 June 2010, the carrying amount of certain trade receivables of HK$780,000 (2009: HK$730,000) was determined based on the present value of the estimated future cash outflows discounted using the effective interest rate of 6.75% (2009: 6.75%) per annum.

The directors of the Company considered that the fair values of current trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods. The fair values of long term trade receivables were not materially different from their carrying amounts because there was immaterial interest rate differentiation.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – GROUP AND COMPANY

These represented the unlisted investment funds in United Kingdom and are held for trading purposes. The balances at the reporting dates are stated at fair value which have been determined by reference to the quoted bid prices at the reporting dates.

26. CASH AND CASH EQUIVALENTS – GROUP AND COMPANY

	Group		Company	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Cash and bank balances	**101,037**	64,540	**49,144**	12,175
Time deposits at banks	**130,805**	182,591	**130,204**	181,990
	231,842	247,131	**179,348**	194,165

Cash at bank earns interest at rates of 0.1% (2009: 0.1% to 2.7%) per annum based on the daily bank deposits rates. Time deposits earn interest of 0.5% to 1.1% (2009: 0.8% to 1.2 %) per annum and are eligible for immediate cancellation without receiving any interest for the last deposit period.

The directors of the Company considered that the fair value of time deposits is not materially different from its carrying amount because of the short maturity period on its inception.

27. RESTRICTED BANK DEPOSITS – GROUP

These bank deposits are kept in the separate bank accounts by the Group as these are money temporarily received from the developers of the property assembly projects and are held on behalf of the developers for the purpose of the payments of initial deposits to the owners of the properties in accordance with the provisional sale and purchase agreements.

As these bank deposits are restricted to a specific use by the Group, they do not form part of the cash management of the Group.

28. BANK OVERDRAFTS – GROUP

Bank overdrafts were unsecured, interest bearing at 13% per annum and repayable with one year.

29. TRADE PAYABLES – GROUP

The Group was granted by its suppliers' credit periods ranging from 30 days to 90 days (2009: 30 days to 90 days). Based on the invoices dates, ageing analysis of trade payables is as follows:

	2010 HK$'000	2009 HK$'000
Over 1 year but less than 2 years	**–**	1,994

The directors of the Company consider that the carrying amounts approximated their fair value.

30. FINANCE LEASE LIABILITIES – GROUP

The analysis of the Group's obligations under finance leases is as follows:

	2010 HK$'000	2009 HK$'000
Total minimum lease payments:		
Due within one year	**97**	–
Due in the second to fifth years	**356**	–
	453	–
Future finance charges on finance leases	**–**	–
Present value of finance lease liabilities	**453**	–

	2010 HK$'000	2009 HK$'000
Present value of minimum lease payments:		
Due within one year	**97**	–
Due in the second to fifth years	**356**	–
	453	–
Less: Portion due within one year included under current liabilities	**(97)**	–
Portion due after one year included under non-current liabilities	**356**	–

The Group has entered into finance leases for certain office equipment. The lease period is for 5 years. At the end of the lease term, the Group has the option to purchase the leased equipment at a price that is expected to be sufficiently lower than the fair value of the leased asset at the end of the lease. None of the leases included contingent rentals.

Finance lease liabilities are effectively secured by the underlying assets (note 16(a)) as the rights to the leased asset will be reverted to the lessor in the event of default of repayment by the Group.

31. SHARE CAPITAL

	2010		2009	
	Number of shares ‘000	**HK$’000**	Number of shares ‘000	HK$’000
Authorised:				
Ordinary shares of HK$0.01 each	**10,000,000**	**100,000**	10,000,000	100,000

	Number of shares ‘000	**Ordinary shares HK$’000**	Number of shares ‘000	Ordinary shares HK$’000
Issued and fully paid:				
At the beginning of the year/period and at the end of the year/period	**2,928,500**	**29,285**	2,928,500	29,285

32. RESERVES

Group

The amounts of the Group's reserves and the movements therein during the year/period are presented in the consolidated statement of changes in equity.

Company

	Share premium account HK$'000	Revaluation reserve HK$'000	(Accumulated losses)/ Retained profits HK$'000	Total HK$'000
At 1 April 2008	747,769	–	(29,049)	718,720
Profit for the period	–	–	16,014	16,014
Other comprehensive income				
Fair value gain on available-for-sale financial assets	–	3,444	–	3,444
Total comprehensive income for the period	–	3,444	16,014	19,458
Dividends paid	(20,997)	–	–	(20,997)
At 30 June 2009 and 1 July 2009	**726,772**	**3,444**	**(13,035)**	**717,181**
Profit for the year	**–**	**–**	**19,152**	**19,152**
Other comprehensive income				
Fair value gain on available-for-sale financial assets	**–**	**80,780**	**–**	**80,780**
Total comprehensive income for the year	**–**	**80,780**	**19,152**	**99,932**
Dividends paid (note 11)	**(10,718)**	**–**	**–**	**(10,718)**
At 30 June 2010	**716,054**	**84,224**	**6,117**	**806,395**

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

33. DEFERRED TAX – GROUP

At the reporting date, the Group had unrecognised deferred taxation assets and liabilities as follows:

	2010 **HK$'000**	2009 HK$'000
Taxation effect of temporary differences arising as a result of:		
Deferred tax assets:		
Tax losses available to set off against future assessable profits	**867**	2,067
Deferred tax liabilities:		
Excess of depreciation allowance claimed for tax proposes over depreciation charged in the financial statements	**147**	145

No provision for deferred taxation has been recognised in respect of the tax losses of HK$5,254,000 (2009: HK$17,678,000) as this has not yet been all agreed with the Inland Revenue Department and there is the unpredictability of future profit streams. The tax losses do not expire under current tax legislation.

34. DISPOSALS OF SUBSIDIARIES

As mentioned in notes 1 and 12, the Group's subsidiaries, Multi Merchant and FX International were sold during the year. Particulars of the disposal transaction are as follows:

	HK$'000
Net liabilities disposed of:	
Cash and bank balances	**(2)**
Trade payables	**287**
Accrued expenses and other payables	**176**
Tax payable	**322**
	783
Total consideration	**5**
Gain on disposals of subsidiaries	**788**

Cash inflow on disposals:

	HK$'000
Sale consideration settled in cash	**5**
Cash and cash equivalents in subsidiaries disposed	**(2)**
Cash inflow on disposals	**3**

There were no disposals of subsidiaries for the period from 1 April 2008 to 30 June 2009.

35. SHARE-BASED PAYMENTS

The Company operates a share option scheme (the "SO Scheme") for the main purpose of recognising contributions of the employees of the Group to the growth of the Group, by rewarding them with opportunities to obtain an ownership interest in the Company and to further motivate and give an incentive to these persons to continue to contribute to the Group's long terms success and prosperity.

Eligible participants of the SO Scheme include any employees, consultants, advisers, suppliers or customers of the Group, including any directors of the Company and its subsidiaries. The SO Scheme became effective on 21 May 2002 and, unless otherwise cancelled or amended, will remain in force for ten years from that date.

The maximum number of unexercised share options currently permitted to be granted under the SO Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the SO Scheme within any 12-month period up to the date of grant, is limited to 1% of the shares of the Company in issue at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted in writing within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted shall be determined by the board of directors and notified to the relevant grantee, but must not be more than ten years from the date of grant of the share options.

The exercise price of the share options is determinable by the board of directors, but may not be less than the highest of (i) the closing price of the Company's share as stated in the Stock Exchange's daily quotations sheet on the date of offer of the option, which must be a business day, (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer of the option, or (iii) the nominal value of the Company's shares on the date of offer.

For the year ended 30 June 2010 and for the period from 1 April 2008 to 30 June 2009, no share options have been granted pursuant to the SO Scheme. No share options granted under the SO Scheme were outstanding as at 30 June 2010 and 2009.

36. OPERATING LEASE COMMITMENTS

As lessee

At 30 June 2010, the total future minimum lease payments under non-cancellable operating leases payable by the Group and the Company are as follows:

Group

	2010 **HK$'000**	2009 HK$'000
Within one year	**1,560**	1,190
In the second to fifth years	**906**	273
	2,466	1,463

The Group leases a number of properties under operating leases. The lease run for an initial period of one to three years, with an option to renew the lease and renegotiated the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/lessors. As at 30 June 2009 and 2010, none of the leases include contingent rentals.

36. OPERATING LEASE COMMITMENTS *(cont'd)*

As lessee *(cont'd)*

Company

	2010 HK$'000	2009 HK$'000
Within one year	**260**	–

The Company leases a property under operating leases. The lease runs for an initial period of one year. None of the leases include contingent rentals.

As lessor

At 30 June 2010, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

Group

	2010 HK$'000	2009 HK$'000
Within one year	**42**	–

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

Company

The Company does not have any operating lease arrangements as at 30 June 2009 and 2010.

37. CAPITAL COMMITMENTS

	Group		**Company**	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Contracted but not provided for:				
Leasehold land and buildings	**–**	22,994	**–**	–
Available-for-sale financial assets	**2,643**	10,418	**2,643**	10,418
	2,643	33,412	**2,643**	10,418

38. MATERIAL RELATED PARTY TRANSACTIONS

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

	Year ended 30 June 2010 HK$'000	Period from 1 April 2008 to 30 June 2009 HK$'000
Rental expenses paid to a related company owned by a director of a subsidiary of the Company	**872**	1,181
Rental expenses paid to a related company owned by one of the directors of the Company	**604**	–
Printing fees paid to a related company controlled by one of the directors of the Company	**312**	–
Professional fees paid to a related company in which one director of the Company is a partner	**47**	503
Commission income from an associate	**11,765**	–
	13,600	1,684

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.

38.2 Key management personnel compensation

	Year ended 30 June 2010 HK$'000	Period from 1 April 2008 to 30 June 2009 HK$'000
Short-term employee benefits	**13,542**	2,150

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group has various financial assets and liabilities such as trade receivables, trade payables, other receivables and other payables, which arise directly from its daily operations.

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

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

39.1 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. Besides time deposits which earn interest at fixed rates, cash at banks earn interest at floating rates of 0.1% to 1.1% (Period from 1 April 2008 to 30 June 2009: 0.1% to 2.7%) per annum, based on the daily bank deposits rates for the year. Other than deposits held in banks, the Group does not have significant interest-bearing financial assets. Any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to the Group.

As at 30 June 2009 and 2010, the Group does not have floating interest-bearing financial liabilities. As the interest rate risk exposure is considered as minimal, management did not consider it necessary to use interest rate swaps to hedge their exposure to interest rate risk because the Group does not have significant interest-bearing financial assets and financial liabilities with variable interest rates.

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

39.2 Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. During the year, most of the Group's transactions are carried out in HK$ which is the functional currency of the group entities to which the transaction relate. For the period from 1 April 2008 to 30 June 2009, exposures to currency exchange rates arose from the Group's overseas sales, which were primarily denominated in RMB. Analysis of trade receivables in RMB is disclosed in note 24.

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

As at 30 June 2009, if a general depreciation of 5% in HK$ against RMB was estimated, with all other variable held constant, profit after income tax for the period and retained profits will increase by HK$6,000 for the period from 1 April 2008 to 30 June 2009. A general appreciation of the same percentage in HK$ against RMB would have had the equal but opposite effect on the profit after tax for the period and retained profits to the amount shown above, on the basis that all other variables remain constant.

The appreciation and depreciation of 5% in HK$ exchange rate against RMB represented management's assessment of a reasonably possible change in currency exchange rate over the period until the next annual reporting date.

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

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

39.3 Price risk

Price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to change in market prices of listed equity securities and unlisted investment funds in respect of its investments classified as available-for-sale financial assets and financial assets at fair value through profit or loss.

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

For listed equity securities and unlisted investment funds in the available-for-sale financial assets category, if the quoted price for these securities increased or decreased by 5%, profit or loss for the year and retained profits would not be affected but other components of equity would have increased or decreased by HK$5,815,000 (2009: HK$1,367,000).

For unlisted investment funds in United Kingdom classified as financial assets at fair value through profit or loss category, if the market price had increased or decreased by 5%, profit or loss for the year and retained profits would have increased or decreased by HK$154,000 (2009: HK$125,000).

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

39.4 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The carrying amounts of cash and bank balances, time deposits at bank, restricted bank deposits, trade receivables, other receivables, amount due from associate, available-for-sale financial assets and financial assets at fair value through profit or loss represent the Group's maximum exposure to credit risk in relation to financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem. Most of the Group's bank balances are held in major financial institutions in Hong Kong, which management believes are of high credit quality.

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

Available-for-sale financial assets and financial assets at fair value through profit or loss represented the listed equity securities and unlisted investment funds from the well-established banks or financial institutes and are not used for hedging purpose. These are mainly entered with banks or financial institutes with sound credit rating and management does not expect any investment counterparty to fail to meet its obligations. In this regard, the Group does not expect to incur material credit losses on managing these financial assets.

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

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

39.5 Liquidity risk

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

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

		Contractual undiscounted cash flow		
	Carrying amount HK$'000	**Total HK$'000**	**Within 1 year or on demand HK$'000**	**In 2 to 5 years HK$'000**
30 June 2010				
Bank overdrafts	**389**	**389**	**389**	**–**
Other payables	**79,803**	**79,803**	**79,803**	**–**
Finance lease liabilities	**453**	**453**	**97**	**356**
	80,645	**80,645**	**80,289**	**356**
30 June 2009				
Trade payables	1,994	1,994	1,994	–

39.6 Categories of financial assets and financial liabilities

	Group		**Company**	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Loans and receivables:				
Trade receivables	**102,445**	5,196	**–**	–
Other receivables	**17,761**	2,046	**315**	599
Amounts due from subsidiaries	**–**	–	**557,224**	520,205
Amount due from associate	**42,867**	–	**–**	–
Cash and cash equivalents	**231,842**	247,131	**179,348**	194,165
Restricted bank deposits	**64,247**	–	**–**	–
Available-for-sale financial assets:	**116,304**	28,612	**116,304**	28,612
Financial assets at fair value through profit or loss:	**3,696**	3,002	**3,696**	3,002
	579,162	285,987	**856,887**	746,583

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

39.6 Categories of financial assets and financial liabilities *(cont'd)*

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities measured at amortised cost:				
Bank overdrafts	**389**	–	**–**	–
Trade payables	**–**	1,994	**–**	–
Other payables	**79,803**	–	**–**	–
Finance lease liabilities	**453**	–	**–**	–
Amounts due to a subsidiary	**–**	–	**21,806**	25
	80,645	1,994	**21,806**	25

39.7 Fair value

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

Except for those disclosed in note 21, the fair value of non-current financial assets closely approximates their carrying value due to the immaterial interest rate differentiation.

39.8 Fair value measurements recognised in the statement of financial position

The Group adopted the amendments to HKFRS 7 Improving Disclosures about Financial Instruments effective from 1 July 2009. These amendments introduce a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements. The Group has taken advantage of the transitional provisions in the amendments to HKFRS 7 and accordingly, no comparatives for the hierarchy for fair value measurement disclosures have been presented.

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 form 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.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

39.8 Fair value measurements recognised in the statement of financial position *(cont'd)*

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

		2009 – Group and Company			
	Notes	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Assets					
Available-for-sale financial assets					
– Listed securities	(a)	**99,200**	**–**	**–**	**99,200**
– Unlisted investment funds	(b)	**9,538**	**–**	**–**	**9,538**
Financial assets at fair value through profit or loss					
– Unlisted investment funds	(b)	**3,696**	**–**	**–**	**3,696**
Total and net fair values		**112,434**	**–**	**–**	**112,434**

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

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

(a) *Listed securities*

The listed equity securities are denominated in Hong Kong dollars. Fair values have been determined by reference to their quoted bid prices at the reporting date.

(b) *Unlisted investments funds*

The unlisted investment funds are denominated in United States dollars. Fair values have been determined by reference to their quotations in active markets at the reporting date and have been translated using the spot foreign currency rate at the end of the reporting year where appropriate.

40. CAPITAL RISK MANAGEMENT

The Group's capital management objectives are:

(a) to ensure the Group's ability to continue as a going concern;

(b) to provide an adequate return to shareholders;

(c) to support the Group's sustainable growth; and

(d) to provide capital for the purpose of potential mergers and acquisitions.

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

	2010 **HK$'000**	2009 HK$'000
Total borrowings	**98,188**	3,853
Less: cash and cash equivalents	**(231,842)**	(247,131)
Net debts	**(133,654)**	(243,278)
Total capital	**998,376**	787,877
Gearing ratio	**N/A**	N/A

41. EVENTS SUBSEQUENT TO THE REPORTING DATE

(a) During the period from 30 July 2010 to 23 August 2010, the Group entered into the provisional sale & purchase agreements with the property owners in relation to the acquisition of the majorities of the properties located at Nos. 142, 144, 146, 148, 150, 152 and 154 of Carpenter Road, Kowloon City, Hong Kong for redevelopment at an aggregate cash consideration of HK$312,271,000. As at 30 June 2010, the Group has acquired 1 flat of No. 142 of Carpenter Road which is classified as properties under development.

(b) On 9 July 2010, the Group granted the 8,400,000 share options to a director of the Company and a director of a subsidiary of the Company each at a conversion price of HK$0.59 per share.

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