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田生集團有限公司

RICHFIELD GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 183)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012**

INTERIM RESULTS

The board of directors (the “Director(s)”) (the “Board”) of Richfield Group Holdings Limited (the “Company”) herein presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 December 2012 together with the comparative unaudited figures for the corresponding periods in 2011 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2012

		Six months ended 31 December	
	Notes	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
REVENUE	4	25,508	118,949
Cost of sales		(21,092)	(47,361)
Gross profit		4,416	71,588
Other income	4	12,454	5,377
Selling and distribution expenses		(5,870)	(2,538)
Administrative expenses		(28,196)	(32,900)
OPERATING (LOSS)/PROFIT		(17,196)	41,527
Finance costs		(1,964)	(66)
Share of profit of associates		–	–
Share of profit of a jointly controlled entity		–	–
(LOSS)/PROFIT BEFORE INCOME TAX	5	(19,160)	41,461
Income tax expense	6	(582)	(8,330)
(Loss)/Profit for the period attributable to the owners of the Company		(19,742)	33,131
(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		(19,742)	33,131
(LOSS)/EARNINGS PER SHARE FOR (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic		HK(0.57) cents	HK0.95 cents
Diluted		N/A	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2012

	Six months ended 31 December	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
(Loss)/Profit for the period	(19,742)	33,131
Other comprehensive income		
Net fair value loss on available-for-sale financial assets	(1,551)	(29,086)
Other comprehensive income for the period, net of tax	(1,551)	(29,086)
Total comprehensive income for the period attributable to owners of the Company	(21,293)	4,045

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	As at 31 December 2012 (Unaudited) HK\$'000	As at 30 June 2012 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		135,073	138,347
Interests in associates		–	–
Interests in a jointly controlled entity		–	–
Goodwill	9	474,000	474,000
Available-for-sale financial assets	10	90,877	93,797
		699,950	706,144
Current assets			
Properties held for trading		262,619	262,623
Properties under development		745,199	426,888
Trade receivables	11	31,179	24,860
Prepayments, deposits and other receivables		19,178	7,671
Financial assets at fair value through profit or loss		3,661	3,198
Amounts due from associate		68,033	68,059
Amount due from a jointly controlled entity		4,621	4,620
Tax recoverable		517	–
Cash and bank balances		238,906	617,416
Restricted bank deposits	12	112,218	95,000
		1,486,131	1,510,335
Current liabilities			
Accrued expenses and other payables		144,233	122,903
Borrowings		138,487	140,731
Finance lease liabilities		468	467
Provision for income tax		–	21,906
		283,188	286,007
Net current assets		1,202,943	1,224,328
Total assets less current liabilities		1,902,893	1,930,472

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

As at 31 December 2012

	Notes	As at 31 December 2012 (Unaudited) HK\$'000	As at 30 June 2012 (Audited) HK\$'000
Non-current liabilities			
Borrowings		234,000	234,000
Finance lease liabilities		1,591	1,399
		235,591	235,399
Net assets		1,667,302	1,695,073
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	34,785	34,785
Reserves		1,632,517	1,660,288
Total equity		1,667,302	1,695,073

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2012

	Six months ended 31 December	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Net cash (used in)/generated from operating activities	(373,616)	50,601
Net cash used in investing activities	(2,841)	(75,679)
Net cash (used in)/generated from financing activities	(2,053)	37,791
Net (decrease)/increase in cash and cash equivalents	(378,510)	12,713
Cash and cash equivalents at beginning of period	617,416	756,248
CASH AND CASH EQUIVALENTS AT END OF PERIOD	238,906	768,961
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	92,192	133,844
Short-term deposits	146,714	635,117
	238,906	768,961

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2012

	Share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Proposed final dividend (Unaudited) HK\$'000	Share-based payment reserve (Unaudited) HK\$'000	Revaluation reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 July 2011	34,785	1,284,742	9,983	8,719	41,857	336,716	1,716,802
Profit for the period	-	-	-	-	-	33,131	33,131
Other comprehensive income:							
Net fair value loss on available-for-sale financial assets	-	-	-	-	(29,086)	-	(29,086)
Total comprehensive income for the period	-	-	-	-	(29,086)	33,131	4,045
Dividend paid	-	-	(9,983)	-	-	-	(9,983)
Lapse of share options	-	-	-	(625)	-	625	-
Transactions with owners	-	-	(9,983)	(625)	-	625	(9,983)
At 31 December 2011	34,785	1,284,742	-	8,094	12,771	370,472	1,710,864

	Share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Proposed final dividend (Unaudited) HK\$'000	Share-based payment reserve (Unaudited) HK\$'000	Revaluation reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 July 2012	34,785	1,274,759	9,983	8,094	5,892	361,560	1,695,073
Loss for the period	-	-	-	-	-	(19,742)	(19,742)
Other comprehensive income:							
Net fair value loss on available-for-sale financial assets	-	-	-	-	(1,551)	-	(1,551)
Total comprehensive income for the period	-	-	-	-	(1,551)	(19,742)	(21,293)
Dividend paid	-	-	(9,983)	-	-	-	(9,983)
Cancellation of share options	-	-	-	(5,296)	-	5,296	-
Equity-settled share-based payments	-	-	-	3,505	-	-	3,505
Transactions with owners	-	-	(9,983)	(1,791)	-	5,296	(6,478)
At 31 December 2012	34,785	1,274,759	-	6,303	4,341	347,114	1,667,302

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Richfield Group Holdings Limited (the “Company”) is an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Unit 1209, 12th Floor, Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Hong Kong.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of property brokerage services, provision of schemes for property consolidation, assembly and redevelopment, property trading and property development.

There were no significant changes in the Group’s operations during the period.

These condensed consolidated interim financial statements are unaudited, but have been reviewed by the audit committee of the Company and approved for issue by the board of directors (the “Board”) of the Company on 28 February 2013.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2012 (the “Condensed Financial Report”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

These Condensed Financial Report do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2012 (the “2012 Annual Financial Statements”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

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

In preparing the Condensed Financial Report, significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2012 Annual Financial Statements.

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

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

Principal accounting policies

The accounting policies used in the preparation of these Condensed Financial Report are consistent with those set out in the 2012 Annual Financial Statements, except that the Group has applied, for the first time, the following new or revised standards, amendments and interpretations (the “new or revised 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 2012.

Amendments to HKAS 1 (Revised) Presentation of Items of Other Comprehensive Income

The adoption of the new or revised HKFRSs has no material impact on the Group’s financial statements.

The Group has not early applied the following new or revised standards and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle ¹
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ²
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities ¹
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
HKAS 19 (Revised 2011)	Employee Benefits ¹
HKAS 27 (Revised 2011)	Separate Financial Statements ¹
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures ¹
HK(IFRIC) – Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine ¹
Amendments to HKFRS 1	Government loans ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011)	Investment entities ²

¹ Effective for annual periods beginning on or after 1 January 2013

² Effective for annual periods beginning on or after 1 January 2014

³ Effective for annual periods beginning on or after 1 January 2015

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

3. SEGMENT INFORMATION

The operating segments are reported in a manner consistent with the way in which information is reported internally to the Group's senior management for the purposes of resource allocation and assessment of segment performance. 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

Reported segment information is based on internal management reporting information that is regularly reviewed by the chief operating decision-maker, i.e. the Chief Executive. The Chief Executive assesses segment profit or loss using a measure of operating profit. The measurement policies the Group used for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements, except that certain items are not included in arriving at the operating results of the operating segments (mainly corporate income and expenses).

Segment assets include all assets with the exception of corporate assets, including available-for-sale financial asset, bank balances and cash and other assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis.

	Property Assembly and Brokerage Business		Property Development Business		Total	
	Six months ended 31 December		Six months ended 31 December		Six months ended 31 December	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Reportable segment revenue:						
From external customers	25,508	118,949	-	-	25,508	118,949
Reportable segment (loss)/profit	(18,027)	40,363	1,780	275	(16,247)	40,638
Reportable segment assets	1,068,642	978,940	817,126	389,621	1,885,768	1,368,561

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:

	Six months ended 31 December	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Reportable segment (loss)/profit	(16,247)	40,638
Renovation service income	28	145
Net fair value gain on financial assets at fair value through profit or loss	462	–
Unallocated corporate income	6,064	4,731
Unallocated corporate expenses	(9,467)	(4,053)
(Loss)/Profit before income tax	(19,160)	41,461

4. REVENUE AND OTHER INCOME

The Group's principal activities are disclosed in note 1 to the unaudited condensed financial statements of this interim result. Revenue from the Group's principal activities and other income recognised during the period are as follows:

	Six months ended 31 December	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Revenue		
Commission income	24,909	118,949
Lease management services income	599	–
	25,508	118,949
Other income		
Dividend income	1,450	420
Exchange gain, net	4,104	2,708
Gain on disposal of property, plant and equipment	3	–
Interest income	856	1,618
Net fair value gain on financial assets at fair value through profit and loss	462	–
Rental income	5,042	424
Renovation service income	28	145
Sundry income	509	62
	12,454	5,377
	37,962	124,326

5. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Six months ended 31 December	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Depreciation	4,199	3,169
Directors' remuneration	880	349
Equity-settled share-based payments expenses	3,505	–

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 31 December 2011: 16.5%) on the estimated assessable profit arising in Hong Kong for the current period.

Deferred tax had not been provided for the Group because the Group had no material temporary differences at the reporting date (31 December 2011: Nil).

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2012 (six months ended 31 December 2011: Nil).

8. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 31 December	
	2012 (Unaudited)	2011 (Unaudited)
(Loss)/Profit for the period, attributable to owners of the Company (HK\$'000)	(19,742)	33,131
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000)	3,478,500	3,478,500
Effect of dilutive potential ordinary shares: Share options ('000)	–	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	3,478,500	3,478,500
Basic (loss)/earnings per share (HK cents)	(0.57)	0.95
Diluted (loss)/earnings per share (HK cents)	N/A	N/A

Diluted earnings per share for the six months ended 31 December 2012 were not presented as there was no dilutive potential ordinary share during the period.

9. GOODWILL

Goodwill arose from the acquisition of Richfield Realty Limited (“Richfield Realty”) in 2007. The net carrying amount of goodwill can be analysed as follows:

	31 December 2012 (Unaudited) HK\$'000	30 June 2012 (Audited) HK\$'000
Attributable to the Property Assembly and Brokerage Business	474,000	474,000

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2012 (Unaudited) HK\$'000	30 June 2012 (Audited) HK\$'000
Listed equity securities – Hong Kong	33,778	37,737
Listed debts investments – Hong Kong	26,015	24,545
Unlisted investment funds	31,084	31,515
	90,877	93,797
Net carrying amount at beginning of the year	93,797	106,918
Additions	–	26,721
Disposals	(1,369)	–
Change in fair value debited to revaluation reserve in equity	(1,551)	(39,842)
Net carrying amount at end of the year	90,877	93,797

Listed equity securities, listed debts investments and unlisted investment funds with carrying amounts of HK\$33,778,000 (30 June 2012: HK\$37,737,000), HK\$26,015,000 (30 June 2012: HK\$24,545,000) and HK\$22,619,000 (30 June 2012: HK\$21,699,000) 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\$8,465,000 (30 June 2012: HK\$9,816,000) 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.

As at 31 December 2012, available-for-sale financial assets were individually determined to be impaired on the basis of a material decline in their fair value below cost which indicated that the investment costs may not be recovered. For the year ended 30 June 2012, an impairment loss of HK\$3,877,000 on these investments was recognised in profit or loss. As at 31 December 2012, the fair value of individual impaired available-for-sale equity securities was HK\$4,263,000 (30 June 2012: HK\$3,759,000).

11. TRADE RECEIVABLES

The Group generally allows a credit period of 1 month (2011: 1 month to 3 years) to its trade customers within Property Assembly and Brokerage Business, 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:

	31 December 2012 (Unaudited) HK\$'000	30 June 2012 (Audited) HK\$'000
Within 90 days	14,056	16,476
91 to 180 days	11,425	133
181 to 365 days	294	4,937
Over 365 days	5,404	3,314
	31,179	24,860

12. RESTRICTED BANK DEPOSITS

These bank deposits are kept in the separate bank accounts by the Group as (i) these are 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; and (ii) the rental income and rental deposits are temporarily received on behalf of the developers.

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

13. SHARE CAPITAL

	Number of shares	(Unaudited) HK\$'000
Authorised		
Ordinary shares of HK\$0.01 each	10,000,000,000	100,000
Issued and fully paid		
Ordinary shares of HK\$0.01 each At 1 July 2012 and 31 December 2012	3,478,500,000	34,785

14. MATERIAL RELATED PARTY TRANSACTIONS

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

	Six months ended 31 December	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Equipment acquired from a related company controlled by one of the directors of the Company	132	222
Printing services fees paid to a related company in which one director of the Company is a substantial shareholder	56	13
Professional fees paid to a related company in which one director of the Company is a partner	–	400
Rental expenses paid to a related company owned by a director of a subsidiary of the Company	477	485
Rental expenses paid to a related company owned by a substantial shareholder of the Company	1,269	648
	1,934	1,768

These transactions were conducted at pre-determined prices in accordance with terms mutually agreed between the Group and these related parties. These transactions are conducted in the normal course of business.

Key management personnel compensation

	Six months ended	
	31 December	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Salaries and allowances	2,560	1,349
Equity-settled share-based payments	3,505	–
	6,065	1,349

15. CONTINGENT LIABILITIES – PENDING LITIGATION

As at 31 December 2012, there were two pending litigation claims relating to labour dispute made against the Group. Those claims concerned the former employees of the Group who made claims on account of alleged bonuses due in relation to the property assembly projects undertaken by the Group during their course of employment. In the event the Group is unsuccessful in defending such claims, the Group may be liable to pay a maximum amount of approximately HK\$13,000,000 to these claimants. The management of the Group consider it is too early to conclude that the Group is liable to pay the claimed amounts; accordingly, no provision has been made for these claims in the condensed consolidated financial statements.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2012 (six months ended 31 December 2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopment, property trading and property development.

The Group is continuously reviewing, analysing the potential value and engaging in various property assembly projects in Hong Kong. Those engaged projects are all residential and commercial properties which are located in Hong Kong Island and Kowloon. Regarding the property development business, the Group is engaged in 3 projects, which are located in Hong Kong and London.

FINANCIAL REVIEW

The Group recorded a revenue of approximately HK\$25,508,000 for the six months ended 31 December 2012, representing a decrease of approximately 79% comparing with that of approximately HK\$118,949,000 for the corresponding period of last financial year. The decrease in revenue was mainly attributed to the decrease in revenue of the property assembly and brokerage business. In respect of the business of property assembly and brokerage, it contributes the whole revenue of the Group for the period and this represents a decrease of approximately 79% compared with the corresponding period of last financial year of approximately HK\$118,949,000.

Loss before income tax of the Group for the six months ended 31 December 2012 was approximately HK\$19,160,000, while a profit before income tax of approximately HK\$41,461,000 was recorded for the corresponding period of last financial year. Due to the decrease in revenue, a loss attributable to owners of the Company for the period of approximately HK\$19,742,000 was recorded compared with the profit attributable to owners of the Company of approximately HK\$33,131,000 for the corresponding period of last financial year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2012, the Group has net current assets of approximately HK\$1,202,943,000 (30 June 2012: approximately HK\$1,224,328,000), including cash and bank balances of approximately HK\$238,906,000 (30 June 2012: approximately HK\$617,416,000).

The gearing ratio was 17.13% as at 31 December 2012 (30 June 2012: 16.99%). 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 period under review compared to 30 June 2012.

During the six months ended 31 December 2012, the Group financed its operations with its own working capital and borrowings. As at 31 December 2012, total unsecured and secured bank borrowings of the Group amounted to approximately HK\$372,487,000 (30 June 2012: HK\$374,731,000), which are repayable with a period of not exceeding 5 years. Total other borrowings of the Group amounted to HK\$2,059,000 (30 June 2012: HK\$1,866,000), which are also repayable within a period of not exceeding 5 years.

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 interim results, there were no significant investment held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 31 December 2012 and there is no plan for material investments or capital assets as at the date of this interim results.

PLEDGE OF ASSETS

As at 31 December 2012, properties under development, properties held for trading and leasehold properties of the Group with a carrying value of approximately HK\$429,534,000, HK\$189,996,000 and HK\$101,809,000 (30 June 2012: approximately HK\$426,888,000, HK\$190,000,000 and HK\$103,000,000), respectively were pledged to secure banking facilities for the Group.

CONTINGENT LIABILITIES

Save as disclosed in note 15 to the unaudited condensed financial statements of this interim result, the Company had given guarantees of HK\$728,000,000 (30 June 2012: HK\$728,000,000) in respect of the banking facilities of the subsidiaries and the associate for the property development projects at Nos. 142 – 154 Carpenter Road, Kowloon, and Nos. 18 – 32 Junction Road, Kowloon, Hong Kong and the properties hold for trading for those shops in Wing Lee Building, Kowloon, Hong Kong, as at 31 December 2012.

LEASE AND CONTRACTED COMMITMENTS

The Group leases a number of properties under operating leases. The leases run for an initial period of two 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. None of the leases include contingent rentals.

At 31 December 2012, the total future minimum lease payments under non-cancellable operating leases payable by the Group as follows:

As Lessee

	31 December 2012 (Unaudited) HK\$'000	30 June 2012 (Audited) HK\$'000
Within one year	4,793	758
In the second to fifth years	4,072	–
	8,865	758

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.

At 31 December 2012, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

As Lessor

	31 December 2012 (Unaudited) HK\$'000	30 June 2012 (Audited) HK\$'000
Within one year	11,675	6,857
In the second to fifth years	8,362	1,791
	20,037	8,648

Save for the above commitment, as at 31 December 2012, neither the Group nor the Company had any other significant commitments.

FOREIGN EXCHANGE EXPOSURE

The Group's income and expenditure during the six months ended 31 December 2012 were denominated in United States dollars ("US\$"), British Pound ("GBP"), HK\$ and Renminbi ("RMB"), and most of the assets and liabilities as at 31 December 2012 were denominated in US\$, GBP, HK\$ and RMB. 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 and GBP foreign exchange exposure and fluctuation of exchange rates of RMB and GBP against HK\$ could affect the Group's results of operations. During the year, no hedging transaction or arrangement was made since the exchange rate of RMB and GBP to HK\$ is also fairly stable.

TREASURY POLICIES

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

SEGMENT INFORMATION

The analysis of the principal activities of the operations of the Group are set out in note 3 to the unaudited condensed financial statements of this interim result.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2012, the Group had 173 (30 June 2012: 178) employees, including Directors. Total staff costs (including Directors' emoluments) were approximately HK\$32,920,000 for the six months ended 31 December 2012 as compared to approximately HK\$49,070,000 for the six months ended 31 December 2011. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and share option scheme.

BUSINESS OVERVIEW

Property Assembly and Brokerage Business

The Hong Kong property market was continued to fluctuate in 2012 with an unstable demand on residential property and thinner transaction volume. Apart from the measures adopted by the Government to curb the rising property prices and to ensure a healthy development of the property market, the Government has also increased the land sales to maximise the flat production. The cost of acquisition was heated up to new high records which affected the development plans of developers. Part of the property assembly projects have also been affected and postponed during the period.

During the six months period ended 31 December 2012, the turnover from the property assembly and brokerage business recorded a decrease to approximately HK\$25,508,000, down by 79% from the corresponding period of the last financial year of approximately HK\$118,949,000. The Group recorded an operating loss for the property assembly and brokerage business of approximately HK\$18,027,000, compared with the operating profit of approximately HK\$40,363,000 for the corresponding period of the last financial year. The loss for the period was mainly attributable to the decrease in number of property assembly projects completed. The fluctuated property market in Hong Kong, together with the uncertain economic prospect have contributed to the decrease in number of property assembly projects completed.

For the six months ended 31 December 2012, the Group has completed 1 major assembly project, which are located in the Western District in Hong Kong Island. The total contract sum of the major completed project and the total gross profit for the major completed project recorded for the year are approximately HK\$125,360,000 and HK\$1,596,000, respectively.

Property Development Business

The Group kept on expanding its property development business, with a conservative strategy on investment in new projects in view of the uncertainties in the global scene. Benefited from the low interest rate and demand from the Mainland customers, property value is rising steadily.

The 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, was steadily proceeded in the year. The project has a site area of approximately 10,200 square feet and a gross floor area of approximately 84,000 square feet. The development work has been commenced in last year. The Group intended to develop it into a composite residential/commercial building, which is expected to be completed in 2014.

In addition, the Group has also acquired all the property units of another property development project at Nos. 142-154 Carpenter Road, Kowloon during the year ended 30 June 2012. It has a site area of approximately 9,100 square feet and a gross floor area of approximately 82,000 square feet. The Group holds 100% equity interests of the project and the Group has commenced the development planning with a view to maximise its value to the Group. The project is intended to be developed into a composite residential/commercial building.

During the period, the Group has acquired its third redevelopment project in central London at Nos. 119-122 Bayswater Road, London, United Kingdom. The property is located on Bayswater Road, which is directly opposite to Hyde Park. It is well served by London public transport with Underground Station located within one minute walking distance. The property has a site area of approximately 8,000 square feet and formerly comprised 4 old Victorian terraced houses that were converted into a hotel with retail shops at ground floor. The property was acquired with an approval consented scheme which can be developed into high quality residential apartments with retail shops at ground floor and the total gross internal area is approximately 36,000 square feet. The main reason for diversifying to central London is that the prime central London continues to benefit from overseas demand with buyer looking for a safe haven for the capital.

In the future, the Group will continue to explore the best development proposals to meet the changes in the global market, and hence to maximise the shareholders' benefit.

PROSPECTS

The residential property market of Hong Kong was fluctuated in 2012. The heated-up took place in consequence with different factors, such as the rebound in stock markets and diminishing mortgage rates by several banks. The residential property prices rise steadily towards the end of 2012 with a thinner trading. The high acquisition price affects the plans of developers, in which challenging the property assembly and brokerage business.

Even though the Government increases the supply of land in 2012, the supply of land in urban areas still remained scarce by the government, property assembly for redevelopment continues to be one of the main sources of land supply to the developers in the light of the scarce supply of land in Hong Kong. The Group will focus on the property assembly projects in various prime locations in the metro area.

The Group has been engaging in property developments that broaden the revenue base which benefit the Company and the shareholders as a whole in the long run. During the year, the Group has engaged in three property development projects in Hong Kong and London and those projects represent excellent opportunities for the Group entering the property development market and will enhance the shareholders' value. The acquisition of the third redevelopment project in central London also provides a very good opportunity for diversity to another potential property market, which is strongly supported by international buyers.

CONNECTED PARTY TRANSACTIONS

On 28 September 2012, the Company entered into two tenancy agreements with Flexwood Limited ("Flexwood") as landlord pursuant to which the Company rented an existing premise and an extra premise owned by Flexwood for a term of two years commencing from 15 October 2012 and two years and 14 days from 1 October 2012 with the monthly rents of HK\$140,000 and HK\$180,000 respectively. The Directors consider that it is in the commercial interest of the Company if the Company continues to rent the existing office premises as it is not easy to identify other appropriate premises and the Company will bear unnecessary relocation costs and expenses if the Company has to move to other premises. The Directors also consider that it is in the commercial interest of the Company if the Company rent an extra office as for the expansion of the Company's office in Central. Flexwood is a property holding company wholly and beneficially owned by Mr. Pong Wai San, Wilson, an executive Director and the chief executive officer of the Company (the "CEO") within the preceding 12 months from the date of entering the two tenancy agreements and currently a consultant and substantial shareholder of the Company. Accordingly, Flexwood is a connected person to the Company as defined under the Listing Rules and the transaction contemplated under the tenancy agreement constitutes a continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules. A detail of the above continuing connected transaction has been set out in the Company's announcement dated 28 September 2012.

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

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed shares during the six months ended 31 December 2012.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in the Model Code as set out in the Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by Directors throughout the six months ended 31 December 2012.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 of the Listing Rules. The Company has complied with the code provisions set out in the Code throughout the six months ended 31 December 2012, except for the deviation that 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. Also, one independent non-executive Director was unable to attend the annual general meeting of the Company held on 20 November 2012 due to sickness.

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.

AUDIT COMMITTEE

The Company established an audit committee (the "Committee") on 2 May 2002, with written terms of reference in compliance with the Listing Rules, which were revised on 28 February 2011 and 30 March 2012 respectively, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive Directors, namely Mr. Koo Fook Sun, Louis, Mr. Lung Hung Cheuk and Ms. Yeung Wing Yan, Wendy. The unaudited consolidated results of the Group for the six months ended 31 December 2012 have been reviewed by the Committee, who is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

By Order of the Board
Lee Wing Yin
Executive Director

Hong Kong, 28 February 2013

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