田生集團有限公司

RICHFIELD GROUP HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 183)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2013

FINAL RESULTS

The board of directors (the "Board") of Richfield Group Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2013, together with the comparative figures for the year ended 30 June 2012:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
Revenue	4	**100,440**	153,807
Cost of sales		**(37,840)**	(69,534)
Gross profit		**62,600**	84,273
Other income		**20,883**	16,098
Selling and distribution expenses		**(8,472)**	(4,947)
Administrative expenses and other operating expenses		**(63,419)**	(64,683)
Impairment loss recognised in respect of goodwill	9	**(203,000)**	–
Finance costs		**(3)**	(891)
Share of profit of associates		**413**	–
Share of profit of a jointly controlled entity		**535**	–
(Loss)/Profit before income tax	5	**(190,463)**	29,850
Income tax expense	6	**(4,939)**	(5,631)
(Loss)/Profit for the year attributable to owners of the Company		**(195,402)**	24,219
(Loss)/Earnings per share for (loss)/profit attributable to owners of the Company during the year	8		
Basic and diluted		**HK (5.62) cents**	HK 0.70 cent

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2013

	2013 HK$'000	2012 HK$'000
(Loss)/Profit for the year	**(195,402)**	24,219
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net fair value loss on available-for-sale financial assets	**(756)**	(39,842)
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	**–**	3,877
Reclassified from equity to profit or loss on disposal of available-for-sale financial assets	**9**	–
Other comprehensive income for the year, net of tax	**(747)**	(35,965)
Total comprehensive income for the year attributable to owners of the Company	**(196,149)**	(11,746)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**133,502**	138,347
Investment properties		**190,000**	–
Interests in associates		**413**	–
Amount due from an associate		**4,401**	–
Interests in a jointly controlled entity		**535**	–
Amount due from a jointly controlled entity		**4,631**	–
Goodwill	9	**271,000**	474,000
Available-for-sale financial assets		**90,676**	93,797
		695,158	706,144
Current assets			
Properties held for trading		**73,075**	262,623
Properties under development		**745,485**	426,888
Trade receivables	10	**58,673**	24,860
Prepayments, deposits and other receivables		**10,718**	7,671
Financial assets at fair value through profit or loss		**607**	3,198
Amounts due from associates		**68,014**	68,059
Amount due from a jointly controlled entity		**–**	4,620
Cash and cash equivalents		**242,013**	617,416
Restricted bank deposits		**112,095**	95,000
		1,310,680	1,510,335
Current liabilities			
Accrued expenses and other payables		**137,428**	122,903
Borrowings		**136,015**	140,731
Finance lease liabilities		**384**	467
Provision for income tax		**3,113**	21,906
		276,940	286,007
Net current assets		**1,033,740**	1,224,328
Total assets less current liabilities		**1,728,898**	1,930,472
Non-current liabilities			
Borrowings		**234,000**	234,000
Finance lease liabilities		**1,836**	1,399
Deferred tax liabilities		**616**	–
		236,452	235,399
Net assets		**1,492,446**	1,695,073
EQUITY			
Equity attributable to owners of the Company			
Share capital		**34,785**	34,785
Reserves		**1,457,661**	1,660,288
Total equity		**1,492,446**	1,695,073

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

	Equity attributable to owners of the Company						
	Share capital HK$'000	Share premium account HK$'000	Proposed final dividend HK$'000	Share-based payment reserve HK$'000	Revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 July 2011	34,785	1,284,742	9,983	8,719	41,857	336,716	1,716,802
2011 final dividend paid (note 7(b))	–	–	(9,983)	–	–	–	(9,983)
Lapse of share options	–	–	–	(625)	–	625	–
Transactions with owners	–	–	(9,983)	(625)	–	625	(9,983)
Profit for the year	–	–	–	–	–	24,219	24,219
Other comprehensive income:							
Net fair value loss on available-for-sale financial assets	–	–	–	–	(39,842)	–	(39,842)
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	–	–	–	–	3,877	–	3,877
Total comprehensive income for the year	–	–	–	–	(35,965)	24,219	(11,746)
Proposed 2012 final dividend (note 7(a))	–	(9,983)	9,983	–	–	–	–
At 30 June 2012 and 1 July 2012	34,785	1,274,759	9,983	8,094	5,892	361,560	1,695,073
2012 final dividend paid (note 7(b))	**–**	**–**	**(9,983)**	**–**	**–**	**–**	**(9,983)**
Equity-settled share-based payments	**–**	**–**	**–**	**3,505**	**–**	**–**	**3,505**
Cancellation of share options	**–**	**–**	**–**	**(5,296)**	**–**	**5,296**	**–**
Transactions with owners	**–**	**–**	**(9,983)**	**(1,791)**	**–**	**5,296**	**(6,478)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(195,402)**	**(195,402)**
Other comprehensive income:							
Net fair value loss on available-for-sale financial assets	**–**	**–**	**–**	**–**	**(756)**	**–**	**(756)**
Reclassified from equity to profit or loss on disposal of available-for-sale financial assets	**–**	**–**	**–**	**–**	**9**	**–**	**9**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(747)**	**(195,402)**	**(196,149)**
At 30 June 2013	**34,785**	**1,274,759**	**–**	**6,303**	**5,145**	**171,454**	**1,492,446**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1. GENERAL INFORMATION

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 issued shares have been listed on the Main Board (the "Main Board") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 2 December 2010.

The principal activity of the Company is investment holding. 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.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Company Ordinance and the Rules Governing the Listing of Securities on 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 2013 were approved for issue by the Board on 26 September 2013.

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 2012:

HKAS 1 (Revised)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2009–2011[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]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[2]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[2]
Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 1	Government loans[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities[2]
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]
HK(IFRIC) – Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine[1]
HK(IFRIC) – Interpretation 21	Levies[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

HKFRS 9 – Financial Instruments

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 Financial Instruments: Recognition and Measurement. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Company expects to adopt HKFRS 9 from 1 January 2015.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 11 – Joint Arrangements

Changes in the definitions stipulated in HKFRS 11 have reduced the types of joint arrangements to two: joint operations and joint ventures. A joint operation is a joint arrangement that gives parties to the arrangement direct rights to the assets and obligations for the liabilities. The jointly controlled assets classification in HKAS 31, Interests in Joint Ventures, has been merged into joint operations, as both types of arrangements generally result in the same accounting outcome. A joint venture, in contrast, gives the parties rights to the net assets or outcome of the arrangement. Joint ventures are accounted for using the equity method in accordance with HKAS 28, Investments in Associates which is renamed as HKAS 28 (Revised 2011), Investments in Associates and Joint Ventures. The standard is amended to include the requirements of joint ventures accounting and to merge with the requirements of HK(SIC) – Int 13, Jointly Controlled Entities – Non-Monetary Contributions by Venturers. After the application of HKAS 28 (Revised 2011), entities can no longer account for an interest in a joint venture using the proportionate consolidation method.

HKFRS 12 – Disclosures of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

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

3. SEGMENT INFORMATION

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

There was no inter-segment sale and transfer during the year (2012: Nil).

	Property Assembly and Brokerage Business		Property Development Business – Hong Kong		Property Development Business – the United Kingdom		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Reportable segment revenue:								
From external customers	**100,440**	153,807	**–**	–	**–**	–	**100,440**	153,807
Reportable segment (loss)/profit	**(189,375)**	28,982	**(267)**	306	**4,045**	–	**(185,597)**	29,288
Bank interest income	**456**	234	**–**	–	**39**	–	**495**	234
Depreciation	**7,928**	6,264	**–**	–	**–**	–	**7,928**	6,264
(Reversal of write-down)/ Write-down of properties held for trading to its net realisable value	**(452)**	6,637	**–**	–	**–**	–	**(452)**	6,637
Impairment loss in respect of goodwill	**203,000**	–	**–**	–	**–**	–	**203,000**	–
Reportable segment assets	**676,586**	1,092,579	**446,569**	433,146	**314,419**	–	**1,437,574**	1,525,725
Additions to non-current segment assets during the year	**1,828**	82,475	**–**	–	**–**	–	**1,828**	82,475
Reportable segment liabilities	**183,970**	286,778	**234,236**	234,510	**2,630**	–	**420,836**	521,288

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:

	2013 **HK$'000**	2012 HK$'000
Reportable segment revenue	**100,440**	153,807
Consolidated revenue	**100,440**	153,807
Reportable segment profit	**(185,597)**	29,288
Renovation service income	**24**	396
Net fair value gain/(loss) on financial assets at fair value through profit or loss	**1,009**	(282)
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	**–**	(3,877)
Reclassified from equity to profit or loss on disposal of available-for-sale financial assets	**(9)**	–
Interest income	**6,010**	9,950
Dividend income	**1,154**	1,299
Rental income	**6,050**	–
Share of profit of associates	**413**	–
Share of profit of a jointly controlled entity	**535**	–
Finance costs	**(1)**	–
Exchange loss, net	**(5,966)**	–
Equity-settled share-based payments	**(3,505)**	–
Unallocated corporate income	**4**	1,208
Unallocated corporate expenses	**(10,584)**	(8,132)
(Loss)/Profit before income tax	**(190,463)**	29,850
Reportable segment assets	**1,437,574**	1,525,725
Available-for-sale financial assets	**90,676**	93,797
Financial assets at fair value through profit or loss	**607**	3,198
Corporate cash and bank balances and short term deposits	**205,152**	517,973
Investment properties	**190,000**	–
Share of net assets of associates	**413**	–
Share of net assets of a jointly controlled entity	**535**	–
Amounts due from associates	**72,415**	68,059
Amounts due from a jointly controlled entity	**4,631**	4,620
Other corporate assets	**3,835**	3,107
Group assets	**2,005,838**	2,216,479
Reportable segment liabilities	**420,836**	521,288
Borrowings	**90,135**	–
Deferred tax liabilities	**616**	–
Other corporate liabilities	**1,805**	118
Group liabilities	**513,392**	521,406

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 non-current assets is based on the physical location of the assets.

During the year, there was neither no revenue from external customers attributable to the Cayman Islands (domicile) (2012: Nil) nor no non-current assets were located in the Cayman Islands (2012: Nil). The country of domicile is the country where the Company was incorporated.

Revenue from the major customers is as follows:

	2013	2012
	HK$'000	HK$'000
Customer A	**72,187**	78,775
Customer B	**–**	36,986
Customer C	**15,361**	–
	87,548	115,761

All the above revenue was derived from the Property Assembly and Brokerage Business.

4. REVENUE

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

	2013	2012
	HK$'000	HK$'000
Commission income	**99,283**	152,653
Lease management services income	**1,157**	1,154
	100,440	153,807

5. (LOSS)/PROFIT BEFORE INCOME TAX

	2013 HK$'000	2012 HK$'000
(Loss)/Profit before income tax is arrived at after charging/(crediting) the following:		
Auditor's remuneration		
– current year provision	**695**	632
– under-provision in respect of previous years	**8**	32
Cost of inventories recognised as expense including:		
– (Reversal of write-down)/Write-down of properties held for trading to its net realisable value	**(452)**	6,637
Depreciation	**8,369**	6,945
Directors' remuneration	**2,865**	1,614
Equity-settled share-based payments	**3,505**	–
Exchange loss/(gain), net	**6,048**	(1,208)
Minimum lease payments under operating lease rentals for land and buildings	**5,221**	3,560
Net fair value (gain)/loss on financial assets at fair value through profit or loss	**(1,009)**	282
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	**–**	3,877
Reclassified from equity to profit or loss on disposal of available-for-sale financial assets	**9**	–

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

Income tax in the consolidated income statement is as follows:

	2013 HK$'000	2012 HK$'000
Current tax – Hong Kong profits tax		
Provision for the year	**3,209**	6,427
Under/(Over)-provision in respect of prior years	**286**	(796)
	3,495	5,631
Current tax – Overseas		
Provision for the year	**828**	–
Deferred tax		
Origination of temporary differences	**616**	–
Total income tax expense	**4,939**	5,631

7. DIVIDENDS

(a) Dividend attributable to the year:

	2013 HK$'000	2012 HK$'000
No proposed final dividend for the year (2012: HK0.287 cent per share)	–	9,983

(b) Dividend attributable to the previous year approved and paid during the year:

	2013 HK$'000	2012 HK$'000
Final dividend in respect of previous year of HK0.287 cent (2012: HK0.287 cent) per share	**9,983**	9,983

8. (LOSS)/EARNINGS PER SHARE

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

	2013	2012
(Loss)/Profit for the year, attributable to owners of the Company (HK$'000)	**(195,402)**	24,219
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	**3,478,500**	3,478,500

There were no diluted potential ordinary shares for the year ended 30 June 2013 and 2012 as the outstanding share options were out of the money for the purpose of the diluted (loss)/earnings per share calculation.

9. GOODWILL

Goodwill arose from the acquisition of Richfield Realty Limited in 2007. The net carrying amount of HK$271,000,000 (2012: HK$474,000,000) as at 30 June 2013 is attributable to the Property Assembly and Brokerage Business.

	2013 HK$'000	2012 HK$'000
Cost		
At 1 July and 30 June	**474,000**	474,000
Accumulated impairment loss		
At 1 July	–	–
Impairment loss recognised in the year	**203,000**	–
At 30 June	**203,000**	–
Net carrying amount	**271,000**	474,000

10. TRADE RECEIVABLES

The Group generally allows a credit period of 1 month (2012: 1 month) 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:

	2013 **HK$'000**	2012 HK$'000
Within 90 days	**25,108**	16,476
91 to 180 days	**29,689**	133
181 to 365 days	**1,246**	4,937
Over 365 days	**2,630**	3,314
	58,673	24,860

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

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

	2013 **HK$'000**	2012 HK$'000
Neither past due nor impaired	**25,108**	16,476
Less than 90 days past due	**29,689**	133
Over 90 days past due	**3,876**	8,251
Trade receivables that are past due but not impaired	**33,565**	8,384
	58,673	24,860

11. MATERIAL RELATED PARTY TRANSACTIONS

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

	2013 **HK$'000**	2012 HK$'000
Equipment acquired from a related company in which one of the directors of the Company is a common director and controlled by one of the substantial shareholders of the Company	**257**	707
Printing fees paid to a related company in which one of the directors of the Company is a common director and controlled by one of the substantial shareholders of the Company	**277**	263
Professional fees paid to a related company in which one of the directors of the Company is a partner	**–**	400
Rental expenses paid to a related company owned by a director of a subsidiary of the Company	**953**	970
Rental expenses paid to a related company owned by one of the substantial shareholders of the Company	**3,190**	1,296
Commission income received from a jointly controlled entity	**–**	1,290
	4,677	4,926

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.

11.2 Key management personnel compensation

	2013 **HK$'000**	2012 HK$'000
Short-term employee benefits	**13,137**	18,767

12. LITIGATION

During the year, there were two 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.

The Labour Tribunal judged that the Group is liable to pay HK$4,525,000 to the former employees. Accordingly, the provision for legal claim of HK$4,525,000 has been provided in the financial statements during the year. The Group appealed against the decision to the High Court. As at the date of the approval of the financial statements, the litigations are still in progress.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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, property trading and property development. The Group is currently reviewing and analysing the potential value and engaged in various property assembly projects and redevelopment projects. Those engaged projects are all residential and commercial properties which located in Hong Kong Island and Kowloon. Since there was a judgment delivered by the Court of Final Appeal of Hong Kong in May 2013, the Group is proceeding to evaluate the possible impact of the judgment on the engaged local projects before deciding on the actions to be taken. In addition to the two redevelopment projects in Hong Kong, the Group has acquired a new redevelopment project in central London, United Kingdom in August 2012.

FINANCIAL PERFORMANCE

The Group recorded a turnover (from continuing operations) of approximately HK$100,440,000 in the year, representing a decrease of approximately 34.7% comparing with the previous financial year of approximately HK$153,807,000. The significant decrease in turnover was mainly attributed to the decrease in revenue of the property assembly and brokerage business. The business of property assembly and brokerage contributes the whole revenue of the Group for the year and no revenue has been generated from the business of property development for the year.

Loss before income tax of the Group for the year was approximately HK$190,463,000, while a profit before income tax of approximately HK$29,850,000 was recorded for the previous financial year. Due to the decrease of turnover and the impairment of goodwill, loss attributable to owners of the Company for the year of approximately HK$195,402,000 was recorded when compared with the profit attributable to the owners of the Company of approximately HK$24,219,000 for the last financial year.

BUSINESS OVERVIEW

Property Assembly and Brokerage Business

The Hong Kong economy grew at a moderate peace in the first quarter of 2013, by 2.8% in real terms over a year earlier. The inflation pressures remained moderate in year 2013. Externally, the resolution of the euro debt crisis and fiscal problems in the advanced economies, as well as the withdrawal of the abundant global liquidity, they could be long drawn-out processes that posing downside risks to the global economy. Nevertheless, the Government introduced different stages of demand management measures to curb property prices for both residential and non-residential properties in October 2012 and February 2013. The measures include introducing the Buyer's Stamp Duty ("BSD") and adjustments on Special Stamp Duty ("SSD") for the residential properties in October 2012; increasing the Ad Valorem Stamp Duty ("AVD") rates for residential and non-residential property transactions; advancing the charging of AVD on non-residential property transactions and tightening the terms of mortgage lending in February 2013. Yet supplies of residential properties were limited in the year, property owners and developers stayed on the sideline and awaiting further changes of the market. Acquisition costs and construction costs were also increased noticeably that affected the redevelopment plans of developers. Overall flat prices have surpassed the 1997 peak by rampant 38%. Some of the acquisition projects were affected by the volatile property market and standstill during the year. Although the property market was unstable during the year, the Group has not changed its long-standing core business and continued to reach the requirement of owners of the old buildings and actively provide possible assistance as appropriate.

During the financial year, the turnover from the property assembly and brokerage business recorded a decrease to approximately HK$100,440,000, down by 34.7% from the last financial year of approximately HK$153,807,000. The operating loss for the property assembly and brokerage business was approximately HK$189,375,000 while an operating profit of approximately HK$28,982,000 was recorded for the last financial year. The unfavorable result for the year was mainly attributable to the decrease in number of property acquisition projects completed and the goodwill impairment. The uncertain economic prospects as well as the Government demand management measures were the key factors of the deterioration in number of property assembly projects completed.

For the year ended 30 June 2013, the Group has completed 4 major assembly projects, which are mainly located in Hong Kong Island and Kowloon, including Aberdeen, Western District, Wong Tai Sin and Cheung Sha Wan etc. Those projects are mainly located along the metro line in the city. The total contract sum and the total revenue for those major completed projects recorded for the year are approximately HK$916,000,000 and HK$27,000,000, respectively, while the total accumulated contract sum for those major completed projects since their commencement is approximately HK$1,646,000,000. The revenue received from those projects completed in previous years is approximately HK$35,000,000, and the revenue received from other incomplete projects is approximately HK$38,000,000.

As at 30 June 2013, the Group was reviewing, monitoring and engaging in various property assembly projects which are mainly located in Hong Kong Island and Kowloon. The projects located in Hong Kong Island are mainly in Mid-Levels, Sheung Wan, Causeway Bay, Western District, Shau Kei Wan, Quarry Bay and Aberdeen, etc. while the projects located in Kowloon are mainly in Mong Kok, Sham Shui Po, Tai Kok Tsui, Ho Man Tin, Kwun Tong, To Kwa Wan and Kowloon City etc.

Human Resources

The Group employed approximately 80 staff for the real estate team in the year. The Group is conscious that professional and experienced team members are the key to the successful and sustainable property assembly and brokerage business. Thus, the Group constantly organised internal training to reinforce professional skills of the staff as well as to update the market information to the sales team. The Group believes that staff with comprehensive knowledge is the foundation of being a sustainable corporate.

Corporate Social Responsibilities

The Group believes that education is important to the youngsters. They would be the foundation of our society in the future. Therefore, the Group has set up a "Richfield Group Scholarship" with a local University for students studying the subject "Planning and Development" in Bachelor of Science in Property Management programme during the year. The subject covers knowledge on urban planning in which the Group believes that it is an essential and important issue for the society. During the year, the nominated candidates have been awarded the scholarship for the academic year 2012-2013 according to their academic performance.

Besides, the Group often comes across people, including the elderly, tenants and underprivileged groups, who live in old districts and dilapidated buildings during the process of property assembly. Most of them are indeed lack of assistance. The Group has donated a total of $10 million to the local non-government organization (the "NGO"), Po Leung Kuk (the "PLK"), to set up a charity fund in 2011. The fund is managed and operated by PLK independently. The aim of the fund is to help the needy, who generally lack information about assistance and measures provided by the Government and NGOs.

In addition, the Group also sponsored various local charitable activities, such as sponsoring a musical organized by the "Skywalkers" for enriching the cultural experience of youngsters; forming a staff team to participate in a charitable competition of hiking organized by "Green Power" for promoting environmental protection; and donating the abandon office furniture to the "Crossroads Foundation" for redistributing them to those in need etc.

Property Development Business

During the year, the Group kept on expanding its property development business, but also continued to take a conservative strategy on investment in new projects in view of the uncertainties in the global scene. Benefited from the low interest rate, various cooling measures by the Government on property market and the keen demand by the Mainland consumers, the property value in Hong Kong was still growing moderately for the reporting year.

The shareholder's agreement with a wholly owned subsidiary of Phoenix Asia Real Estate Investment, a client of the Group for establishing an associate for a property development project at Nos. 18-32 Junction Road, Kowloon, Hong Kong ("Junction Road Property"), which the Group has 30% equity interests, has been proceeded in 2011. The project has a site area of approximately 10,200 square feet and a gross floor area of approximately 84,000 square feet. The vacant possession of the project was completed in June 2011 and the development work has also been commenced last year. The Group is intended to develop it into a composite residential/commercial building.

In addition, the Group has acquired all the property units of another project at Nos. 142-154 Carpenter Road, Kowloon ("Carpenter Road Property") during the year ended 30 June 2012. It has a site area of approximately 9,100 square feet. The Group holds 100% equity interests of the project.

There was a judgment delivered by the Court of Final Appeal ("CFA") of Hong Kong in May 2013 for the definition of "House". As the applications regarding the re-development of the projects are still subject to be reviewed by the relevant government departments, and the Directors would require more time to review the CFA Judgment, the Board is of the view that it may be premature for the Directors to assess the potential impact of the CFA Judgment on the re-development of the above two projects at this stage. In the meantime, for the Junction Road Property, the Group will co-operate with its joint venture partner to assess the possible impact of the CFA Judgment and to estimate the land premiums, if any, as may be charged by the Government for the redevelopment proposal. Regarding the Carpenter Road Properties, the Group will also proceed to evaluate the possible impact of the CFA Judgment before deciding on the actions to be taken, which may include continue with the re-development plan or to dispose of its interest in the Carpenter Road Properties.

Apart from the two local property development projects, the Group has acquired another 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 8,300 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 33,000 square feet. The main reason for diversifying to central London is that the prime centre London continues to be benefited from overseas demand with buyer looking for a safe haven for their capital.

The Group will continue to explore the best possible business development proposal as well as to enhance the benefit of the shareholders while overcoming the challenges ahead.

PROSPECTS

In the midst of low interest rate environment and tight demand-supply balance of flats, the residential property market of Hong Kong re-gained momentum in the first two months of 2013. Also, the inbound tourism maintained a solid growth; the growth of total visitor arrivals picked up by 13.5% over a year earlier to 12.7 million. The overall flat prices rose by 5% between December 2012 and March 2013.

However, since the Government introduced different stages of demand management measures to curb property prices for both residential and non-residential properties in October 2012 and February 2013, the trading activities slowed down obviously in the first few months of 2013. Yet supplies of residential properties were limited in the year, property owners and developers stayed on the sideline and awaiting for further changes of the market. Although the Government lowered the compulsory auction sales threshold of old building from 90% to 80% since 1 April 2010, it also stimulated the growth of the overall acquisition price of old buildings by landlords and owners. Overall flat prices have surpassed the 1997 peak by rampant 38%. It became a new kind of worthwhile investment by purchasing old tenement buildings for redevelopment in these years. The high acquisition price as well as the Government's demand management measures affects the plans of developers, in which seriously challenging the property assembly and brokerage business of the Group. Although the property market was unstable during the year, the Group has not changed its long-standing core business and continued to reach the requirement of owners of the old buildings and actively provide possible assistance as appropriate. The Group will focus on the property assembly projects in various prime locations around the metro area. The Group will regularly review and mange the project mix to maintain and maximize the profitability. The property assembly and brokerage business will continue to attribute a considerable and stable income to the Group, while bringing the best return to its shareholders.

In order to diversify the business scope, the Group has been engaging in property developments so as to broaden the revenue base which benefit the Company and the shareholders as a whole in the long run. The Group has been exploring the business opportunities both locally and internationally. During the year, the Group has engaged in two local property development projects in Hong Kong while investing a project in central London. The experience of the Group obtained in those projects can be applicable to our future property development projects.

Since the demand and needs of urban residential property of Hong Kong was growing continuously, the Group is still optimistic in the local property assembly and property development business. The Group would monitor the market situation closely while dedicated to develop strategically in the property assembly, brokerage and development business for driving considerable growth of the Group.

The Group has been committed to conducting the property assembly business since 2007. Apart from seeking business opportunities, the Group has also expanded its endeavours of improving the environment of the urban old districts as well as the quality of life among the neighbourhoods over the years.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2013, the Group had net current assets of approximately HK$1,033,740,000 (2012: approximately HK$1,224,328,000) including bank and cash balances of approximately HK$242,013,000 (2012: approximately HK$617,416,000).

The gearing ratio was 18.56% as at 30 June 2013 (2012: 16.99%). The gearing ratio is derived by dividing the total of borrowings and finance lease liabilities by total assets. The gearing ratio has increased for the financial year under review when compared to 30 June 2012 due to the bank borrowings for the properties under development, investment properties and leasehold properties for the year.

During the year, the Group financed its operations with its own working capital and bank borrowing. As at 30 June 2013, total unsecured and secured bank borrowings of the Group amounted to approximately HK$370,015,000 (2012: approximately HK$374,731,000), which are repayable within a period of not exceeding 5 years. Total other borrowings of the Group amounted to approximately HK$2,220,000 (2012: approximately HK$1,866,000), which are 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 announcement, there were no significant investment held, material acquisitions or disposals of subsidiaries and affiliated companies during the year and there is no plan for material investments or capital assets as at the date of this announcement.

PLEDGE OF ASSETS

As at 30 June 2013, properties under development, investment properties and leasehold properties of the Group with a carrying value of approximately HK$435,901,000, HK$190,000,000 and HK$100,618,000 (30 June 2012: approximately HK$426,888,000, nil and HK$103,000,000 respectively and properties held for trading of HK$190,000,000), respectively were pledged to secure banking facilities for the Group.

CONTINGENT LIABILITIES

As at 30 June 2013, the Company had given guarantees of HK$728,000,000 (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 investment properties for those shops in Wing Lee Building, Kowloon, Hong Kong.

LEASE AND CONTRACTED COMMITMENTS

The Group leases a number of properties under operating leases. The leases run for an initial period of two years (2012: 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. As at 30 June 2013 and 2012, none of the leases included contingent rentals.

At 30 June 2013, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	2013	2012
	HK$'000	HK$'000
Within one year	**3,931**	758
In the second to fifth years	**1,105**	–
	5,036	758

CAPITAL COMMITMENTS

	Group		**Company**	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Contracted but not provided for:				
Available-for-sale financial assets	**8,844**	8,096	**8,844**	8,096

FOREIGN EXCHANGE EXPOSURE

The Group's income and expenditure during the year were denominated in United States dollars ("US$"), British Pound ("GBP"), HK dollars ("HK$") and Renminbi ("RMB"), and most of the assets and liabilities as at 30 June 2013 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 and geographical locations of the operations of the Group are set out in note 3 to the financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2013, the Group had 133 (2012: 178) employees, including Directors. Total staff costs (including Directors' emoluments) were approximately HK$67,992,000 for the year as compared to approximately HK$73,255,000 in last year. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and share option scheme.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2013 (2012: HK0.287 cent per ordinary share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 20 November 2013 to Monday, 25 November 2013, both days inclusive, during which period no transfer of shares will be registered. In order to attend the AGM, 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 Tuesday, 19 November 2013.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report to the Appendix 14 (the "CG Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company has complied with all CG Code during the year ended 30 June 2013 except for the code provisions A.2.1 and A.2.7 of the CG Code.

Code provision A.2.1 of the CG Code specifies that the roles of chairman and chief executive officer (chief executive for the CG Code) should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer (chief executive for the CG Code) should be clearly established and set out in writing.

Code provision A.2.7 of the CG Code specifies that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. However, the post of chairman of the Company (the "Chairman") has been vacant since the resignation of Mr. Pong Wai San, Wilson ("Mr. Pong") as the Chairman with effect from 5 February 2008 and therefore no meeting of the Chairman and non-executive Directors has been held during the year ended 30 June 2013. If candidate with suitable skills and experience is identified within or outside the Group, the Company will make necessary arrangement for the new appointment at appropriate time.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

REMUNERATION COMMITTEE

According to the Listing Rules, the Company has to set up a remuneration committee comprising a majority of independent non-executive Directors. The remuneration committee of the Company (the "Remuneration Committee") was established on 23 March 2007 with written terms of reference which were revised on 28 February 2011 and 30 March 2012 respectively. As at the date of this announcement, the Remuneration Committee consists of three members, of which all are independent non-executive Directors, namely Mr. Koo, Mr. Lung and Ms. Yeung, which schedules to meet at least once a year. The chairman of the Remuneration Committee is Mr. Lung and the quorum necessary for the transaction of business is two.

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

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

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

NOMINATION COMMITTEE

According to code provision A.5 of the CG Code, the Company has to set up a nomination committee comprising a majority of independent non-executive Directors. The nomination committee of the Company (the "Nomination Committee") was established on 12 November 2007 with written terms of reference which were revised on 28 February 2011 and 30 March 2012 respectively. As at the date of this announcement, the Nomination Committee consists of three members, of which all are independent non-executive Directors, namely Mr. Koo, Mr. Lung and Ms. Yeung, which schedules to meet at least once a year. The chairwoman of the Nomination Committee is Ms. Yeung and the quorum necessary for the transaction of business is two.

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

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

The Nomination Committee held 4 meetings during the year to review the structure, size and composition of the Board, assess the independence of independent non-executive Directors, make recommendations to the Board relating to the renewal services of non-executive Director and independent non-executive Directors and to consider the set up of the Board Diversity Policy.

AUDIT COMMITTEE

According to the Listing Rules, the Company has to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The audit committee of the Company (the "Audit Committee") was established on 23 March 2007 with written terms of reference which were revised on 28 February 2011 and 30 March 2012 respectively. During the year, the Audit Committee was chaired by Mr. Koo and as at the date of this announcement, all Audit Committee members are independent non-executive Directors, namely Mr. Koo, Mr. Lung and Ms. Yeung.

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

The primary duties of the Audit Committee are to review and supervise the financial 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 held 4 meetings during the year and had reviewed the audited consolidated financial statements for the year ended 30 June 2012 and the unaudited consolidated financial statements for the three months ended 30 September 2012, six months ended 31 December 2012 and nine months ended 31 March 2013 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. During the year, the Audit Committee met the Company's auditor twice.

The Group's unaudited consolidated quarterly, interim results and audited consolidated annual results for the year have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made. The Audit Committee has also reviewed the audited consolidated financial statement for the year ended 30 June 2013.

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

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

APPRECIATION

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

By order of the Board
LEE WING YIN
Executive Director

Hong Kong, 26 September 2013

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