

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2011**

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 2011 together with the comparative unaudited figures for the corresponding periods in 2010 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2011

	Notes	Six months ended 31 December	
		2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000 (Re-presented)
Continuing operations			
REVENUE	4	118,949	178,645
Cost of sales		(47,361)	(73,460)
Gross profit		71,588	105,185
Other income	4	5,377	1,611
Selling and distribution expenses		(2,538)	(3,028)
Administrative expenses		(32,900)	(45,630)
OPERATING PROFIT		41,527	58,138
Finance costs		(66)	–
Share of profit of associates		–	–
PROFIT BEFORE INCOME TAX	5	41,461	58,138
Income tax expense	6	(8,330)	(11,316)
Profit for the period from continuing operations attributable to the owners of the Company		33,131	46,822
Discontinued operations			
Loss for the period from discontinued operations	7	–	(5)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		33,131	46,817
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY			
	9		
Basic			
– Continuing operations		HK0.95 cent	HK1.55 cents
– Discontinued operations		–	–
– Continuing and discontinued operations		HK0.95 cent	HK1.55 cents
Diluted		N/A	HK1.54 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2011

	Six months ended 31 December	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Profit for the period	33,131	46,817
Other comprehensive income		
Net fair value loss on available-for-sale financial assets	(29,086)	(12,167)
Other comprehensive income for the period	(29,086)	(12,167)
Total comprehensive income for the period attributable to the owners of the Company	4,045	34,650

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	<i>Notes</i>	As at 31 December 2011 (Unaudited) HK\$'000	As at 30 June 2011 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		134,847	62,741
Interests in associates		–	–
Goodwill	10	474,000	474,000
Available-for-sale financial assets	11	77,832	106,918
Deposits		–	2,000
		686,679	645,659
Current assets			
Properties held for trading		78,973	70,437
Properties under development		384,487	381,150
Trade receivables	12	79,709	163,126
Prepayments, deposits and other receivables		42,752	34,943
Financial assets at fair value through profit or loss		3,047	3,480
Amounts due from associate		61,414	61,414
Cash and bank balances		768,961	756,248
Restricted bank deposits	13	60,277	58,115
		1,479,620	1,528,913
Current liabilities			
Trade payables		17,600	39,740
Accrued expenses and other payables		146,741	143,715
Finance lease liabilities		203	203
Provision for income tax		25,511	57,420
		190,055	241,078
Net current assets		1,289,565	1,287,835
Total assets less current liabilities		1,976,244	1,933,494

	<i>Notes</i>	As at 31 December 2011 (Unaudited) HK\$'000	As at 30 June 2011 (Audited) HK\$'000
Non-current liabilities			
Borrowings		263,483	215,983
Finance lease liabilities		1,897	709
		265,380	216,692
Net assets			
		1,710,864	1,716,802
EQUITY			
Equity attributable to the owners of the Company			
Share capital	14	34,785	34,785
Reserves		1,676,079	1,682,017
Total equity			
		1,710,864	1,716,802

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 31 December 2011

	Six months ended 31 December	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Net cash inflow/(outflow) from operating activities	50,601	(249,733)
Net cash outflow from investing activities	(75,679)	(23,160)
Net cash inflow from financing activities	37,791	539,899
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,713	267,006
Cash and cash equivalents at beginning of period	756,248	231,453
CASH AND CASH EQUIVALENTS AT END OF PERIOD	768,961	498,459
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	768,961	498,459

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2011

	Share capital (Unaudited) HK\$'000	Share premium account (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 2010	29,285	716,054	–	84,224	168,813	998,376
Profit for the period	–	–	–	–	46,817	46,817
Other comprehensive income:						
Net fair value loss on available-for-sale financial assets	–	–	–	(12,167)	–	(12,167)
Total comprehensive income for the period	–	–	–	(12,167)	46,817	34,650
Issue of new shares	3,000	349,500	–	–	–	352,500
Issuing cost	–	(12,209)	–	–	–	(12,209)
Equity-settled share-based payments	–	–	8,719	–	–	8,719
Transactions with owners	3,000	337,291	8,719	–	–	349,010
At 31 December 2010	32,285	1,053,345	8,719	72,057	215,630	1,382,036

	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

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 in Hong Kong. The business of trading of recycled computers carried out by the subsidiaries, namely Maxitech System Company Limited (“Maxitech System”) and Trigreat Investment Limited (“Trigreat Investment”) was disposed of to an independent third party on 4 March 2011. This business segment is presented as discontinued operations in accordance with Hong Kong Financial Reporting Standard (“HKFRS”) 5.

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

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 2011 (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”).

The Condensed Financial Report should be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2011 (the “2011 Annual Financial Statements”).

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.

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 and methods of computation adopted in the preparation of the Condensed Financial Report are consistent with those adopted in the 2011 Annual Financial Statements, except for in the current period, the Group has applied for the first time the new standards, amendments and interpretations issued by the HKICPA.

HKFRSs (Amendments) Improvements to HKFRSs 2010

HKAS 24 (Revised) Related Party Disclosures

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

HKAS 24 (Revised) - Related Party Disclosures

HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has reassessed the identification of its related parties in accordance with the revised definition and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous years.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

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	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000 (Re-presented)
Reportable segment revenue:						
From external customers	118,949	178,645	-	-	118,949	178,645
Reportable segment profit	40,363	70,483	275	201	40,638	70,684
Reportable segment assets	978,940	853,760	389,621	359,398	1,368,561	1,213,158

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	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000 (Re-presented)
Reportable segment profit	40,638	70,684
Renovation service income	145	464
Net fair value gain on financial assets at fair value through profit or loss	–	224
Unallocated corporate income	4,731	157
Unallocated corporate expenses	(4,053)	(13,391)
Profit before income tax from continuing operations	41,461	58,138

4. REVENUE AND OTHER INCOME

The Group's principal activities are disclosed in note 1 of this announcement. Revenue from the Group's principal activities and other income recognised during the period are as follows:

	Six months ended 31 December	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000 (Re-presented)
Revenue from continuing operations		
Sales of properties	–	11,850
Commission income	118,949	166,795
	118,949	178,645
Other income from continuing operations		
Dividend income	420	–
Exchange gain, net	2,708	–
Interest income	1,618	169
Rental income	424	679
Renovation service income	145	464
Net fair value gain on financial assets at fair value through profit and loss	–	224
Sundry income	62	75
	5,377	1,611
	124,326	180,256

5. PROFIT BEFORE INCOME TAX

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

	Six months ended 31 December	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000 (Re-presented)
Depreciation	3,169	1,178
Directors' remuneration	349	282
Equity-settled share-based payments expenses	-	8,719

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 31 December 2010: 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 2010: Nil).

7. DISCONTINUED OPERATIONS

As mentioned in note 1, the business of trading of recycled computers which were carried by Maxitech System and Trigreat Investment was disposed of to an independent third party on 4 March 2011. This business segment is presented as discontinued operations in accordance with HKFRS 5.

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

	Six months ended 31 December	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000 (Re-presented)
Revenue	-	-
Expenses	-	(5)
Loss before income tax	-	(5)
Income tax expense	-	-
Loss for the period from discontinued operations	-	(5)
Operating cash flows	-	(5)
Total cash flows	-	(5)

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2011 (six months ended 31 December 2010: Nil).

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following:

	Six months ended 31 December	
	2011 (Unaudited)	2010 (Unaudited) (Re-presented)
Profit/(Loss) for the period, attributable to the owners of the Company (HK\$'000)		
– from continuing operations	33,131	46,822
– from discontinued operations	–	(5)
	33,131	46,817
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000)	3,478,500	3,028,772
Effect of dilutive potential ordinary shares:		
Share options ('000)	–	5,692
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	3,478,500	3,034,464
Basic earnings per share (HK cents)		
– from continuing operations	0.95	1.55
– from discontinued operations	–	–
	0.95	1.55
Diluted earnings per share (HK cents)		
– from continuing operations	N/A	1.54
– from discontinued operations	N/A	–
	N/A	1.54

Diluted earnings per share from continuing operations and from discontinued operations for the six months ended 31 December 2011 were not presented as there was no dilutive potential ordinary share during the period.

10. 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 2011 (Unaudited) HK\$'000	30 June 2011 (Audited) HK\$'000
Attributable to the Property Assembly and Brokerage Business	474,000	474,000

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2011 (Unaudited) HK\$'000	30 June 2011 (Audited) HK\$'000
Listed equity securities – Hong Kong	48,957	76,700
Unlisted investment funds	28,875	30,218
	77,832	106,918
Net carrying amount at beginning of the year	106,918	116,304
Additions	–	32,981
Change in fair value debited to revaluation reserve in equity	(29,086)	(42,367)
Net carrying amount at end of the year	77,832	106,918

Listed equity securities and unlisted investment funds with carrying amounts of HK\$48,957,000 (30 June 2011: HK\$76,700,000) and HK\$21,089,000 (30 June 2011: HK\$22,417,000) respectively are stated at fair value. The fair values have been determined directly by reference to published price and quotations in active markets.

Unlisted investment funds with a carrying amount of HK\$7,786,000 (30 June 2011: HK\$7,801,000) 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.

12. TRADE RECEIVABLES

The Group generally allows a credit period from 1 month to 3 years (2010: 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 2011 (Unaudited) HK\$'000	30 June 2011 (Audited) HK\$'000
Within 90 days	30,868	84,192
91 to 180 days	39,226	70,611
181 to 365 days	3,650	7,753
Over 365 days	5,965	570
	79,709	163,126

13. RESTRICTED BANK DEPOSITS

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

14. 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 2011 and 31 December 2011	3,478,500,000	34,785

15. MATERIAL RELATED PARTY TRANSACTIONS

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

	Six months ended 31 December	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Equipment acquired from a related company controlled by one of the directors of the Company	222	–
Printing services fees paid to a related company in which one director of the Company is a substantial shareholder	13	404
Professional fees paid to a related company in which one director of the Company is a partner	400	466
Rental expenses paid to a related company owned by a director of a subsidiary of the Company	485	485
Rental expenses paid to a related company owned by one of the directors of the Company	648	534
	1,768	1,889

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	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Salaries and allowances	1,349	6,282
Equity-settled share-based payments	–	8,719
	1,349	15,001

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2011 (six months ended 31 December 2010: 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 and property trading in Hong Kong and property development.

The Group is currently 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 2 projects, which are both located in Kowloon.

FINANCIAL REVIEW

The Group recorded a revenue (from continuing operations) of approximately HK\$118,949,000 for the six months ended 31 December 2011, representing a decrease of approximately 33% comparing with that of approximately HK\$178,645,000 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 33% compared with the corresponding period of last financial year of approximately HK\$178,645,000.

Profit before income tax (from both continuing and discontinued operations) of the Group for the six months ended 31 December 2011 was approximately HK\$41,461,000, representing an decrease of approximately 29% when compared with that of approximately HK\$58,133,000 for the corresponding period of last financial year. Due to the decrease in revenue, profit attributable to owners of the Company for the period was decreased to approximately HK\$33,131,000 compared with the profit attributable to owners of the Company of approximately HK\$46,817,000 for the corresponding period of last financial year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2011, the Group has net current assets of approximately HK\$1,289,565,000 (30 June 2011: approximately HK\$1,287,835,000), including cash and bank balances of approximately HK\$768,961,000 (30 June 2011: approximately HK\$756,248,000).

The gearing ratio was 12.26% as at 31 December 2011 (30 June 2011: 9.97%). 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 2011.

During the six months ended 31 December 2011, the Group financed its operations with its own working capital and borrowings. As at 31 December 2011, total unsecured and secured bank borrowings of the Group amounted to approximately HK\$263,483,000 (30 June 2011: HK\$215,983,000), which are repayable with a period of not exceeding 5 years. Total other borrowings of the Group amounted to HK\$2,100,000 (30 June 2011: HK\$912,000), 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 2011 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 2011, properties under development of the Group with a carrying value of approximately HK\$384,487,000 (30 June 2011: HK\$381,150,000) were pledged to secure banking facilities for the Group.

CONTINGENT LIABILITIES

As at 31 December 2011, the Company had given guarantees of HK\$634,000,000 (30 June 2011: HK\$634,000,000) 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.

LEASE AND CONTRACTED COMMITMENTS

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

At 31 December 2011, the Group had total future minimum lease payments in respect of non-cancellable operating leases falling due as follows:

	31 December 2011 (Unaudited) HK\$'000	30 June 2011 (Audited) HK\$'000
Land and buildings expiring:		
Within one year	2,108	3,184
In the second to fifth years, inclusive	–	646
	2,108	3,830

Save for the above commitment, as at 31 December 2011, 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 2011 were denominated in United States dollars ("US\$"), HK dollars ("HK\$") and Renminbi ("RMB"), and most of the assets and liabilities as at 31 December 2011 were denominated in US\$, 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 foreign exchange exposure and fluctuation of exchange rates of RMB against HK\$ could affect the Group's results of operations. During the year, no hedging transaction or arrangement was made since the exchange rate of RMB 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 2011, the Group had 196 (30 June 2011: 232) employees, including Directors. Total staff costs (including Directors' emoluments) were approximately HK\$49,070,000 for the six months ended 31 December 2011 as compared to approximately HK\$88,292,000 for the six months ended 31 December 2010. 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 REVIEW

Property Assembly and Brokerage Business

Although the economic growth in Hong Kong for 2011 as a whole was still above trend at 5%, the economic performance slowed progressively since the second quarter of 2011. The external environment was increasingly plagued by the euro zone sovereign debt crisis. The momentum of the property market has slowed down since the second half year of 2011, after the government announced further tightening measures on top of the special stamp duties announced in November 2010 to cool off the market. Increased land supply, tightened lending on the mainland, the euro zone debt crisis and the global slowdown economy all helped to end the property market's bull run. Developers in Hong Kong have speeded up sales of their new projects to raise cash to replenish their land banks, but they tended to take a more conservative strategy in determining the acquisition prices of the old buildings in various districts in Hong Kong. As a result, the number of projects completed in the 6 months ended 31 December 2011 was decreased slightly.

For the six months ended 31 December 2011, the Group has completed 7 major assembly projects. Those projects are mainly located in densely populated areas in Kowloon, including Mongkok, Kowloon City and Shum Shui Po, etc.

Property Development Business

In view of the uncertainties in the global scene, the Group is taking a conservative strategy continuously on investment on new projects so as to keep on with expanding its property development business.

On 18 May 2010, the Group entered into a shareholder's agreement with a wholly owned subsidiary of Phoenix Asia Real Estate Investment, one of the clients of the Group, for establishing an associate for a property development project at Nos. 18–32 Junction Road, Kowloon, Hong Kong. The Group has 30% equity interests of the associate. The project has a site area of approximately 10,200 square feet and a gross floor area of approximately 91,800 square feet. The development work has been commenced already. 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 more than 90% of the properties of another property assembly project at Nos. 142–154 Carpenter Road, Kowloon. It has a site area of approximately 9,100 square feet and a gross floor area of approximately 82,000 square feet. The Group decided to hold 100% equity interests of the project. It is in the course of applying for compulsory auction sale to acquire the remaining outstanding unit.

PROSPECTS

The global economy will be likely to continue to face a higher degree of uncertainty over the medium term, given that the sovereign debt problem in the euro zone and the fiscal issues in the United State are of structural nature, which will take time to be fully resolved. Notwithstanding this, the medium-term prospects for the Hong Kong economy should remain stable, with its advantageous location at the doorstep of the Mainland and strategic positioning as an international financial centre and regional business, trade and tourist hub.

The steady demand for the land bank by developers for redevelopment contributed to the stability of the property assembly and brokerage business. Although the Government continue to increase land supply, property assembly for redevelopment in urban area is still one of the main sources of land supply to the developers in the light of the scarce supply of urban land in Hong Kong. The Group shall focus on those properties assembly projects in various prime locations in the urban area. The Group shall from time to time review and manage the project mix to maintain the profitability.

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. The Group has engaged in 2 property development projects. The projects represent the excellent opportunities for the Group of entering the property development market and shall enhance the shareholders' value. The experience of the Group obtained in both projects can also be applicable to our future property development projects. The Group is dedicated to develop strategically in the property assembly and brokerage business and the property development business and actively seeking opportunities for premium property redevelopment projects so as to drive the growth of the Group.

CONNECTED PARTY TRANSACTIONS

There were no significant connected party transactions entered into by the Group for the six months ended 31 December 2011.

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 2011.

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 2011.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 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 2011, except for the deviations 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.

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 set up an audit committee (the "Committee") on 2 May 2002, with written terms of reference in compliance with the Listing Rules, 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, Ms. Yeung Wing Yan, Wendy and Mr. Lung Hung Cheuk. The unaudited consolidated results of the Group for the six months ended 31 December 2011 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 2012

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.