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田生集團有限公司

RICHFIELD GROUP HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 183)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2012

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 2012, together with the comparative figures for the year ended 30 June 2011:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2012

	Notes	2012 HK\$'000	2011 HK\$'000
Continuing operations			
Revenue	4	153,807	485,304
Cost of sales		(69,534)	(203,677)
Gross profit			
		84,273	281,627
Other income	5	16,098	8,073
Selling and distribution expenses		(4,947)	(9,050)
Administrative expenses		(64,683)	(77,597)
Operating profit		30,741	203,053
Finance costs	7	(891)	(1)
Share of profit of associates	12	–	–
Share of profit of a jointly controlled entity		–	–
Profit before income tax	6	29,850	203,052
Income tax expense	8	(5,631)	(35,142)
Profit for the year from continuing operations		24,219	167,910
Discontinued operations			
Loss for the year from discontinued operations	10	–	(7)
Profit for the year attributable to owners of the Company		24,219	167,903
Earnings/(Loss) per share for profit/(loss) attributable to owners of the Company during the year			
	11		
Basic			
– from continuing operations		HK 0.70 cent	HK 5.18 cents
– from discontinued operations		–	–
– from continuing and discontinued operations		HK 0.70 cent	HK 5.18 cents
Diluted			
– from continuing operations		HK 0.70 cent	HK 5.17 cents
– from discontinued operations		–	–
– from continuing and discontinued operations		HK 0.70 cent	HK 5.17 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	2012 HK\$'000	2011 HK\$'000
Profit for the year	24,219	167,903
Other comprehensive income		
Net fair value loss on available-for-sale financial assets	(39,842)	(42,367)
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	3,877	–
Other comprehensive income for the year, net of tax	(35,965)	(42,367)
Total comprehensive income for the year attributable to owners of the Company	(11,746)	125,536

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Notes	2012 HK\$'000	2011 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		138,347	62,741
Interests in associates	12	–	–
Interests in a jointly controlled entity		–	–
Goodwill	13	474,000	474,000
Available-for-sale financial assets	14	93,797	106,918
Deposits		–	2,000
		706,144	645,659
Current assets			
Properties held for trading	15	262,623	70,437
Properties under development		426,888	381,150
Trade receivables	16	24,860	163,126
Prepayments, deposits and other receivables		7,671	34,943
Financial assets at fair value through profit or loss	17	3,198	3,480
Amounts due from associates	12	68,059	61,414
Amount due from a jointly controlled entity		4,620	–
Cash and cash equivalents		617,416	756,248
Restricted bank deposits	18	95,000	58,115
		1,510,335	1,528,913
Current liabilities			
Trade payables	19	–	39,740
Accrued expenses and other payables		122,903	143,715
Borrowings		140,731	–
Finance lease liabilities		467	203
Provision for income tax		21,906	57,420
		286,007	241,078
Net current assets		1,224,328	1,287,835
Total assets less current liabilities		1,930,472	1,933,494
Non-current liabilities			
Borrowings		234,000	215,983
Finance lease liabilities		1,399	709
		235,399	216,692
Net assets		1,695,073	1,716,802
EQUITY			
Equity attributable to owners of the Company			
Share capital	20	34,785	34,785
Reserves		1,660,288	1,682,017
Total equity		1,695,073	1,716,802

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

	Equity attributable to the 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 2010	29,285	716,054	-	-	84,224	168,813	998,376
Issue of shares (note 20)	5,500	599,500	-	-	-	-	605,000
Share issued expenses	-	(20,829)	-	-	-	-	(20,829)
Equity-settled share-based payments	-	-	-	8,719	-	-	8,719
Transactions with owners	5,500	578,671	-	8,719	-	-	592,890
Profit for the year	-	-	-	-	-	167,903	167,903
Other comprehensive income:							
Net fair value loss on available-for-sale financial assets	-	-	-	-	(42,367)	-	(42,367)
Total comprehensive income for the year	-	-	-	-	(42,367)	167,903	125,536
Proposed 2011 final dividend (note 9(a))	-	(9,983)	9,983	-	-	-	-
At 30 June 2011 and 1 July 2011	34,785	1,284,742	9,983	8,719	41,857	336,716	1,716,802
2011 final dividend paid (note 9(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 9(a))	-	(9,983)	9,983	-	-	-	-
At 30 June 2012	34,785	1,274,759	9,983	8,094	5,892	361,560	1,695,073

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

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.

On 16 September 2011, the Group entered into a shareholder agreement with an independent third party (the "JV Partner"), pursuant to which the JV Partner subscribed 9 shares of US\$1 each of Cosmo Reach Limited ("Cosmo") at par, originally a wholly-owned subsidiary of the Company. As a consequence, the Group's interest in Cosmo was diluted from 100% to 10%. Since then, Cosmo is classified as a jointly controlled entity.

On 4 March 2011, 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") were disposed of to an independent third party as this business had suffered persistent losses and there was no improvement in the near future. This business segment has been presented as discontinued operations in accordance with HKFRS 5.

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

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 2012 were approved for issue by the Board on 27 September 2012.

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 2011:

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures
Amendments to HKFRS 7	Disclosure – Transfers of Financial Assets

Other than as noted below, the adoption of the New HKFRSs had no significant impact on how the Group’s financial statements for the current and prior periods have been prepared and presented.

HKFRS 7 (Amendments) – Financial Instruments: Disclosures

As part of the improvements to HKFRSs issued in 2010, HKFRS 7 has been amended to enhance the interaction between quantitative and qualitative disclosures. If the carrying amount of a financial asset represents the maximum exposure to credit risk, the standard does not require a positive statement to this in the financial statements. This amended disclosure requirement has been applied retrospectively. The adoption of the amendments has no impact on the Group’s reported profit or loss, total comprehensive income or equity for any period presented.

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 no amendment in the disclosures of its related party transactions in the current and comparable periods is required. The adoption of HKAS 24 (Revised) has no impact on the Group’s reported profit or loss, total comprehensive income or equity for any period presented.

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.

Amendments to HKFRS 7 – Transfers of Financial Assets: Disclosures

The amendments to HKFRS 7 improve the disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The adoption of the amendments has no impact on the Group’s reported profit or loss, total comprehensive income or equity for any period presented.

At the date of authorisation of these financial statements, the following new and amended HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2009–2011 ²
HKAS 1 (Revised)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (Revised 2011)	Employee Benefits ²
HKAS 27 (Revised 2011)	Separate Financial Statements ²
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures ²
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities ²
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
Amendments to HKFRS 32	Presentation – Offsetting Financial Assets and Financial Liabilities ³

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

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

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

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 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 two 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 (2011: Nil).

	Property Assembly and Brokerage Business		Property Development Business		Total	
	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue:						
From external customers	153,807	485,304	-	-	153,807	485,304
Reportable segment profit	28,982	213,987	306	732	29,288	214,719
Bank interest income	234	24	-	-	234	24
Depreciation	6,264	2,665	-	-	6,264	2,665
Write-down of properties held for trading to its net realisable value	6,637	-	-	-	6,637	-
Reportable segment assets	1,101,744	949,406	496,660	448,004	1,598,404	1,397,410
Additions to non-current segment assets during the year	82,475	37,525	-	-	82,475	37,525
Reportable segment liabilities	286,778	241,130	234,510	216,527	521,288	457,657

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:

	2012	2011
	HK\$'000	HK\$'000
Reportable segment revenue	153,807	485,304
Consolidated revenue	153,807	485,304
Reportable segment profit	29,288	214,719
Renovation service income	396	463
Net fair value (loss)/gain on financial assets at fair value through profit or loss	(282)	288
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	(3,877)	–
Dividend income	1,299	476
Corporate finance costs	–	(1)
Corporate interest income	9,950	2,786
Unallocated other corporate income	1,208	2,038
Unallocated other corporate expenses	(8,132)	(17,717)
Profit before income tax from continuing operations	29,850	203,052
Reportable segment assets	1,598,404	1,397,410
Available-for-sale financial assets	93,797	106,918
Financial assets at fair value through profit or loss	3,198	3,480
Corporate cash and bank balances and short term deposits	517,973	662,347
Other corporate assets	3,107	4,417
Group assets	2,216,479	2,174,572
Reportable segment liabilities	521,288	457,657
Other corporate liabilities	118	113
Group liabilities	521,406	457,770

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) (2011: Nil) nor no non-current assets were located in the Cayman Islands (2011: Nil). The country of domicile is the country where the Company was incorporated.

Revenue from the major customers is as follows:

	2012 HK\$'000	2011 HK\$'000
Customer A	78,775	180,151
Customer B	36,986	–
Customer C	–	132,622
Customer D	–	87,627
Customer E	–	76,665
	115,761	477,065

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:

	2012 HK\$'000	2011 HK\$'000
Continuing operations		
Commission income	152,653	357,040
Lease management services income	1,154	–
Sales of properties	–	128,264
	153,807	485,304

5. OTHER INCOME

	2012 HK\$'000	2011 HK\$'000
Continuing operations		
Interest income	10,184	2,810
Dividend income	1,299	476
Rental income	1,929	1,854
Renovation service income	396	463
Net fair value gain on financial assets at fair value through profit or loss	–	288
Gain on deemed disposal of a subsidiary	6	–
Exchange gains, net	1,208	1,824
Sundry income	1,076	358
	16,098	8,073

6. PROFIT BEFORE INCOME TAX

	2012 HK\$'000	2011 HK\$'000
Continuing operations		
Profit before income tax is arrived at after charging/(crediting) the following:		
Auditor's remuneration		
– current year provision	632	600
– under-provision in respect of previous years	32	–
Cost of inventories recognised as expense including:		
– cost of properties sold	–	74,879
– write-down of properties held for trading to its net realisable value	6,637	–
Depreciation	6,945	2,939
Directors' remuneration	1,614	6,818
Loss on disposals of property, plant and equipment	–	2
Minimum lease payments under operating lease rentals for land and buildings	3,560	3,440
Net fair value loss/(gain) on financial assets at fair value through profit or loss	282	(288)
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	3,877	–

7. FINANCE COSTS

	2012 HK\$'000	2011 HK\$'000
Interest charges on:		
Bank loans		
– wholly repayable within five years	5,118	2,758
– not wholly repayable within five years	223	–
Overdrafts wholly repayable within five years	–	1
Total borrowing costs	5,341	2,759
Less: interest capitalised in properties under development*	(4,450)	(2,758)
	891	1

* Borrowing costs have been capitalised at effective interest rates ranged from 1.95% to 2.05% (2011: 1.89% to 1.95%) per annum.

The above analysis shows the finance costs of bank borrowings, including bank loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements. During the year, interest on bank loans which contain a repayment on demand clause amounted to HK\$890,000 (2011: Nil).

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong for the year.

Current income tax (all in Hong Kong) in the consolidated income statement is as follows:

	2012	2011
	HK\$'000	HK\$'000
Tax expenses for the year	6,427	35,142
Over-provision in respect of prior years	(796)	–
Total income tax expense	5,631	35,142

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

	2012	2011
	HK\$'000	HK\$'000
Profit before income tax	29,850	203,045
Tax calculated at 16.5% (2011: 16.5%)	4,925	33,503
Tax effect of non-deductible expenses	3,967	4,237
Tax effect of non-taxable revenue	(2,096)	(886)
Tax effect of temporary difference not recognised	(351)	112
Tax effect of unused tax losses not recognised	4	–
Tax effect of prior year's unrecognised tax losses utilised this year	(22)	(1,824)
Over-provision in prior years	(796)	–
Income tax expense	5,631	35,142

9. DIVIDENDS

(a) Dividend attributable to the year:

	2012	2011
	HK\$'000	HK\$'000
Proposed final dividend of HK0.287 cent (2011: HK0.287 cent) per share	9,983	9,983

At the meeting held on 27 September 2012, the Directors proposed a final dividend of HK0.287 cent per share for the year to the shareholders whose names appear in the register of members of the Company on 27 November 2012. The proposed final dividend, amounting to HK\$9,983,000, has not yet been recognised as a liability at the reporting date.

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

	2012 HK\$'000	2011 HK\$'000
Final dividend in respect of previous year of HK0.287 cent (2011: Nil) per share	9,983	–

10. DISCONTINUED OPERATIONS

As mentioned in note 1, the business of recycled computers which was 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.

11. EARNINGS/(LOSS) PER SHARE

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

	2012	2011
Profit/(Loss) for the year, attributable to owners of the Company (HK\$'000)		
– from continuing operations	24,219	167,910
– from discontinued operations	–	(7)
	24,219	167,903
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	3,478,500	3,239,322
Effect of dilutive potential ordinary shares in respect of share options	–	5,227
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	3,478,500	3,244,549

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

12. INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM ASSOCIATES

	2012 HK\$'000	2011 HK\$'000
Non-current		
Share of net assets	–	–
Current		
Due from associates	68,059	61,414

As at 30 June 2012, amounts due from associates are unsecured, interest-free and repayable on demand.

13. GOODWILL

Goodwill arose from the acquisition of Richfield Realty Limited in 2007. The net carrying amount of HK\$474,000,000 (2011: HK\$474,000,000) as at 30 June 2012 is attributable to the Property Assembly and Brokerage Business. Details of the Acquisition were set out in the Company's circular dated 10 May 2007.

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2012 HK\$'000	2011 HK\$'000
Listed equity securities – Hong Kong	37,737	76,700
Listed debts investments – Hong Kong	24,545	–
Unlisted investment funds	31,515	30,218
	93,797	106,918
Net carrying amount at beginning of the year	106,918	116,304
Additions	26,721	32,981
Change in fair value debited to revaluation reserve in equity	(39,842)	(42,367)
Net carrying amount at end of the year	93,797	106,918

15. PROPERTIES HELD FOR TRADING

Analysis of carrying amount of properties held for trading is as follows:

	2012 HK\$'000	2011 HK\$'000
In Hong Kong		
– 10 to 50 years (medium leases)	212,571	23,006
– Over 50 years (long leases)	50,052	47,431
	262,623	70,437

As at 30 June 2012, the Group's properties held for trading with carrying amounts of HK\$190,000,000 (2011: Nil) were pledged to secure bank loans of HK\$93,711,000 (2011: Nil) granted to the Group.

16. TRADE RECEIVABLES

The Group generally allows a credit period of 1 month (2011: 1 month to 3 years) to its trade customers within Property Assembly and Brokerage Business, in accordance with the terms of the mutual agreements after individual negotiations.

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

	2012 HK\$'000	2011 HK\$'000
Within 90 days	16,476	84,192
91 to 180 days	133	70,611
181 to 365 days	4,937	7,753
Over 365 days	3,314	570
	24,860	163,126

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:

	2012	2011
	HK\$'000	HK\$'000
Neither past due nor impaired	16,476	84,192
Less than 90 days past due	133	70,611
Over 90 days past due	8,251	8,323
Trade receivables that are past due but not impaired	8,384	78,934
	24,860	163,126

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

18. RESTRICTED BANK DEPOSITS

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

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

19. TRADE PAYABLES

The Group was granted by its suppliers' credit periods ranging from 30 days to 230 days (2011: 30 days to 230 days).

Based on the invoices dates, ageing analysis of trade payables is as follows:

	2012	2011
	HK\$'000	HK\$'000
31 to 90 days	–	39,740

The Directors consider that the carrying amounts of trade payables approximate to their fair values.

20. SHARE CAPITAL

	2012		2011	
	Number of shares '000	HK\$'000	Number of shares '000	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	10,000,000	100,000	10,000,000	100,000
	Number of shares '000	Ordinary shares HK\$'000	Number of shares '000	Ordinary shares HK\$'000
Issued and fully paid:				
Ordinary shares of HK\$0.01 each				
At the beginning of the year	3,478,500	34,785	2,928,500	29,285
Issue of shares	–	–	550,000	5,500
At the end of the year	3,478,500	34,785	3,478,500	34,785

On 27 October 2010, 5 November 2010 and 19 January 2011, the Company issued 150,000,000, 150,000,000 and 250,000,000 ordinary shares of HK\$1.20, HK\$1.15 and HK\$1.01 per share to facilitate general working capital of the Company. On 27 October 2010, 5 November 2010 and 19 January 2011, the subscriptions were completed and raised amounts of approximately HK\$180,000,000, HK\$172,500,000 and HK\$252,500,000 respectively (before expenses). The premium received of HK\$599,500,000 (before issuing expense) was credited to the share premium account.

21. MATERIAL RELATED PARTY TRANSACTIONS

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

	2012 HK\$'000	2011 HK\$'000
Equipment acquired from a related company controlled by one of the substantial shareholders of the Company	707	83
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	263	546
Professional fees paid to a related company in which one of the directors of the Company is a partner	400	765
Rental expenses paid to a related company owned by a director of a subsidiary of the Company	970	970
Rental expenses paid to a related company owned by one of the substantial shareholders of the Company	1,296	1,183
Commission income received from a jointly controlled entity	1,290	–
	4,926	3,547

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.

21.2 Key management personnel compensation

	2012 HK\$'000	2011 HK\$'000
Short-term employee benefits	18,767	35,787

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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 are located in Hong Kong Island and Kowloon. Regarding the property development business, the Group is engaged in 3 projects. Two of them are located in Kowloon, Hong Kong and a new redevelopment project in central London, United Kingdom has been acquired in August 2012.

FINANCIAL PERFORMANCE

The Group recorded a turnover (from continuing operations) of approximately HK\$153,807,000 in the year, representing a decrease of approximately 68% comparing with the previous fiscal year of approximately HK\$485,304,000. 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.

Profit before income tax (from both continuing and discontinued operations) of the Group for the year was approximately HK\$29,850,000, representing a decrease of approximately 85% when compared with the previous year of approximately HK\$203,045,000. Due to the decrease of turnover, profit attributable to owners of the Company for the year decreased to approximately HK\$24,219,000 when compared with the profit attributable to owners of the Company of approximately HK\$167,903,000 for the last year.

BUSINESS OVERVIEW

Property Assembly and Brokerage Business

The Hong Kong economy decelerated visibly to a meagre growth in the first quarter of 2012. In the second quarter of 2012, the GDP of Hong Kong posted a muted growth of 1.1% in real terms over a year earlier, after the 0.7% growth in the first quarter of 2012. Nevertheless, the Hong Kong property market was continued to fluctuate in the fiscal year 2012 with an unstable demand on residential property and thinner transaction volume. Apart from the measures adopted by the Government to curb the rising property prices and to ensure a healthy development of the property market, the Government has also increased the land sales to maximise the flat production. A total of 14 land sites with a total area of about 15.7 hectares were sold by the Government in the first half year of 2012 and only 3 sites of approximately 1.7 hectares are situated in urban areas. Developers stayed on the sideline as the market is awaiting an up-and-coming housing policy from the new Government since 1 July 2012 to both private and public housing markets. The cost of acquisition was also heated up to new high records which affected the development plans of developers. Part of the property assembly projects have also been affected and postponed during the year. Despite the fluctuated property market in the fiscal year 2012, the Group has not changed its long-standing core business and continued to meet the demand of the owners of the old buildings and actively provide assistance to them as appropriate.

During the year, the turnover from the property assembly and brokerage business recorded a decrease to approximately HK\$153,807,000, down by 68% from the last year of approximately HK\$485,304,000. The operating profit for the property assembly and brokerage business was approximately HK\$28,982,000 which has decreased by approximately 86% when compared with that of approximately HK\$213,987,000 for the last fiscal year. The unsatisfactory result for the year was mainly attributable to the decrease in number of property assembly projects completed. The fluctuated property market in Hong Kong, together with the uncertain economic prospect have contributed to the decrease in number of property assembly projects completed.

For the year ended 30 June 2012, the Group has completed 7 major assembly projects, which are mainly located along the metro line in Hong Kong Island and Kowloon, including, Sham Shui Po, Mong Kok and Kowloon City etc. The total contract sum of the major completed projects and the total gross profit for the major completed projects recorded for the year are approximately HK\$1,781,000,000 and HK\$43,000,000, respectively.

As at 30 June 2012, the Group was reviewing, monitoring and engaging in various property assembly projects which are mainly located in Hong Kong Island, mainly in Mid-Levels, Sheung Wan, Causeway Bay, Western District, Shau Kei Wan, Quarry Bay, Aberdeen, etc. and in Kowloon, mainly in Mong Kok, Sham Shui Po, Tai Kok Tsui, Ho Man Tin, Kwun Tong, To Kwa Wan, Kowloon City, etc.

Human Resources

During the year, the Group employed approximately 115 staffs for the real estate team. The Group recognises that professional team members are the key to the successful and sustainable property assembly and brokerage business. With the long-term commitment to provide quality services and to ensure continuing improvement, our sales team should have various professional knowledge in the property industries. The Group has strengthened its supporting departments such as legal and development department. Furthermore, the Group has also provided regular internal training to update their professional knowledge and the market information.

Corporate Identity Enhancement

The Group continues to generate stable growth by capitalising its financial strength, strategic move and close connection with business partners in a volatile property environment. To move forward, the Group has revamped its corporate identity ("CI") in order to communicate a consistent brand value on all corporate communications. Several actions have been executed to promote the CI, such as broadcasting a new version of television advertisement and sponsoring television programmes in financial channels etc. The Group continues to promote the brand value via multi-channels so as to facilitate and enhance brand development.

Corporate Social Responsibilities

During the process of property assembly, the Group often comes across people, including the elderly and tenants, which are actually in need of various assistance. The Group has donated a total of \$10 million to the local non-government organisations (the "NGO"), Po Leung Kuk, to set up a charity fund in order to help the needy, who generally lack information about the assistance and measures provided by the Government and NGO. The fund applications started from 1 January 2012 while more than 100 units enjoy the benefits from the fund. Setting up the charity fund does not only broaden the donation program of the Group, but also help the charities that are focusing on helping people in the old districts who are in needed.

The Group believes that youngsters and children are the foundation of the society. Apart from the Po Leung Kuk charity fund, the Group also provides support to the education of the new generations. The Group has set up a "Richfield Group Scholarship" with the Hong Kong Polytechnic University for students studying the subject "Planning and Development" in Bachelor of Science in Surveying and Property Management programme during the year. The subject covers knowledge on urban planning in which the Group believes that it is an important issue for the society. The Richfield Group Scholarship will be awarded on the basis of the academic performance of students. In addition, the Group sponsored various cultural activities, such as a musical organised by the Hong Kong Children's Musical Theatre this year for enriching children's theatrical experiences and performances.

Property Development Business

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

The shareholder's agreement with a wholly owned subsidiary of Phoenix Asia Real Estate Investment, a customer of the Group, for establishing an associate for a property development project at Nos. 18-32 Junction Road, Kowloon, Hong Kong, which the Group has 30% equity interests, was steadily proceeded in the year. The project has a site area of approximately 10,200 square feet and a gross floor area of approximately 84,000 square feet. The vacant possession of the project was completed in June 2011 and the development work has been commenced during the year. The Group is intended to develop it into a composite residential/commercial building, which is expected to be completed in 2014.

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

In August 2012, the Group has acquired its third redevelopment project in central London at Nos. 119-122 Bayswater Road, London, United Kingdom. The property is located on Bayswater Road, which is directly opposite to Hyde Park. It is well served by London public transport with Underground Station located within one minute walking distance. The property has a site area of approximately 8,000 square feet and formerly comprised 4 old Victorian terraced houses that were converted into a hotel with retail shops at ground floor. The property was acquired with an approval consented scheme which can be developed into high quality residential apartments with retail shops at ground floor and the total gross internal area is approximately 36,000 square feet. The main reason for diversifying to central London is that the prime central London continues to benefit from overseas demand with buyer looking for a safe haven for the capital.

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

PROSPECTS

The residential property market of Hong Kong regained some momentum and was fluctuated since February 2012. The heated-up took place in consequence with different factors, such as the rebound in stock markets and diminishing mortgage rates by several banks during the first quarter of 2012. The residential property prices turned more steady towards the end of the second quarter of 2012 with a thinner trading. However, in the first and second quarters of 2012, the overall flat prices recorded a new high over the previous historic peak in 1997 by around 16%.

In addition, the Government lowered the compulsory auction sales threshold of old building from 90% to 80% since 1 April 2010 and has implemented a Mandatory Building Inspection Scheme in June 2012. Although those new enactments can shorten the acquisition time required for assembly projects and would greatly facilitate private sector participation in urban renewal, it also stimulated the growth of the overall acquisition price of old buildings by landlords and owners. Purchasing old tenement buildings for redevelopment became worthwhile investment. The high acquisition price affects plans of developers, in which challenging the property assembly and brokerage business.

Even though the Government announced the "2012–2013 Land Sales Programme" in February 2012 to provide a total of about 13,500 flats, the supply of land in urban areas still remained scarce by the government, property assembly for redevelopment continues to be one of the main sources of land supply to the developers in the light of the scarce supply of land in Hong Kong. The Group will focus on the property assembly projects in various prime locations in the metro area. The Group will from time to time review and manage the project mix to maintain the profitability. The property assembly and brokerage business will continue to generate a stable income to the Group, and bring the best return to its shareholders.

The Group has been proactively seeking to diversify its business scope. The Group has been engaging in property developments that broaden the revenue base which benefit the Company and the shareholders as a whole in the long run. During the year, the Group has engaged in two property development projects in Hong Kong and those projects represent excellent opportunities for the Group entering the property development market and will enhance the shareholders' value. The acquisition of the third redevelopment project in central London after the year ended 30 June 2012 also provide a very good opportunity for diversity to another potential property market, which is strongly supported by international buyers. While there has been some concerns over the impact caused by the changes to the stamp duty regulations in the United Kingdom, these do not yet appear to have dampened the demand by overseas buyers in central London. We expect demand to remain strong for good residential schemes and location in central London.

The experience of the Group obtained in those projects can be applicable to our future property development projects. The Group carries out meticulous review on each property development project and proactively responds to any policy changes in order to devise the most advantageous development plan, as to ensure the value and margin of each project.

With the growing demand and needs of residential properties in urban area, the Group is optimistic in property assembly and brokerage business and property development businesses. The Group is dedicated to develop strategically in the property assembly and brokerage business and the property development business and actively seeking opportunities for premium property redevelopment projects so as to drive the growth of the Group.

The Group has been committed to conducting property assembly since 2007, and it is also our pursuit to alleviate the problem of urban aging in the old districts, and thereby improve the environment and quality of life in those neighborhoods.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2012, the Group had net current assets of approximately HK\$1,224,328,000 (2011: approximately HK\$1,287,835,000) including bank and cash balances of approximately HK\$617,416,000 (2011: approximately HK\$756,248,000).

The gearing ratio was 16.99% as at 30 June 2012 (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 has increased for the financial year under review when compared to 30 June 2011 due to the bank borrowings for the properties under development, properties held for trading 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 2012, total unsecured and secured banking borrowings of the Group amounted to approximately HK\$374,731,000 (2011: approximately HK\$215,983,000), which are repayable within a period of not exceeding 5 years. Total other borrowings of the Group amounted to approximately HK\$1,866,000 (2011: approximately HK\$912,000), 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 2012, properties under development, properties held for trading and leasehold properties of the Group with a carrying value of approximately HK\$426,888,000, HK\$190,000,000 and HK\$103,000,000 (30 June 2011: approximately HK\$381,150,000, Nil and Nil), respectively were pledged to secure banking facilities for the Group.

CONTINGENT LIABILITIES

As at 30 June 2012, the Company had given guarantees of HK\$728,000,000 (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 and the properties held for trading 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 (2011: one to three years), with an option to renew the lease and renegotiated the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/lessors. As at 30 June 2012 and 2011, none of the leases included contingent rentals.

At 30 June 2012, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	2012	2011
	HK\$'000	HK\$'000
Within one year	758	3,184
In the second to fifth years	–	646
	758	3,830

CAPITAL COMMITMENTS

	Group		Company	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Contracted but not provided for:				
Property, plant and equipment	–	68,745	–	–
Available-for-sale financial assets	8,096	2,347	8,096	2,347
	8,096	71,092	8,096	2,347

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 2012 were denominated in US\$, GBP, HK\$ and RMB. Accordingly, the Board is of the view that, to a certain extent, the Group is exposed to foreign currency exchange risk. For the US\$ foreign exchange exposure, the Board believes the exposure is small as the exchange rate of US\$ to HK\$ is comparatively stable. However, the Group is exposed to RMB and GBP foreign exchange exposure and fluctuation of exchange rates of RMB and GBP against HK\$ could affect the Group's results of operations. During the year, no hedging transaction or arrangement was made since the exchange rate of RMB and GBP to HK\$ is also fairly stable.

TREASURY POLICIES

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

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2012, the Group had 178 (2011: 232) employees, including Directors. Total staff costs (including Directors' emoluments) were approximately HK\$73,255,000 for the year as compared to approximately HK\$176,747,000 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 recommends the payment of a final dividend of HK0.287 cent per ordinary share for the year ended 30 June 2012 (2011: HK0.287 cent per ordinary share) to the shareholders whose names appear on the register of members of the Company on 27 November 2012. The proposed final dividend is subject to the shareholders' approval at the AGM and will be paid on or around 18 December 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 15 November 2012 to Tuesday, 20 November 2012, 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 Wednesday, 14 November 2012.

The register of members of the Company will be closed from Monday, 26 November 2012 to Tuesday, 27 November 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers 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 Friday, 23 November 2012.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices to the former Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (the "Former CG Code") from 1 July 2011 to 31 March 2012 and has complied with all the code provisions as set out in Corporate Governance Code and Corporate Governance Report to the existing Appendix 14 of the Listing Rules (the "CG Code") from 1 April 2012 to 30 June 2012 except for the code provisions A.2.1 of both the Former and CG Codes, and code provision A.4.1 of the Former CG Code.

- (i) Code provision A.2.1 of both the Former and CG Codes specify that the roles of chairman and chief executive officer (chief executive to 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 to the CG Code) should be clearly established and set out in writing.

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. 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.

- (ii) Code provision A.4.1 of the Former CG Code specifies that non-executive directors should be appointed for a specific term, subject to re-election.

During the period from 1 July 2011 to 11 December 2011, Mr. Li Chi Chung ("Mr. Li") acted as the non-executive Director without specific term of service since no appointment letter has been entered between Mr. Li and the Company but his appointment was subject to retirement by rotation and he offered himself for re-election in accordance with the article of association of the Company. Following the resignation of Mr. Li as the non-executive Director with effect from 12 December 2011, the Company has complied with code provision A.4.1 of the Former CG Code.

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.

According to the Rule 3.25 of the Listing Rules with effect from 1 April 2012, the chairman of the Remuneration Committee should be an independent non-executive Director. In order to comply with the Rule 3.25 of the Listing Rules, Mr. Lung was appointed as the chairman of the Remuneration Committee with effect from 12 December 2011 following the resignation of Mr. Pong as the chairman of the Remuneration Committee. 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 3 meetings during the year to review its terms of reference, 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 revise 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.

With effect from 12 December 2011, Mr. Lai ceased to be the chairman and member of the Nomination Committee upon his re-designation from the independent non-executive Director to non-executive Director and Ms. Yeung was appointed as the chairwoman of the Nomination Committee. 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 and making recommendations to the Board for ensuring that all nominations are fair and transparent.

The Nomination Committee held 2 meetings during the year to review its term of references, the structure, size and composition of the Board, assess the independence of independent non-executive Directors, and make recommendations to the Board relating to the renewal services of independent non-executive Directors.

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 its terms of reference, the audited consolidated financial statements for the year ended 30 June 2011 and the unaudited consolidated financial statements for the three months ended 30 September 2011, six months ended 31 December 2011 and nine months ended 31 March 2012 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 was 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 2012.

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

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed shares during the 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, 27 September 2012

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.