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田生集團有限公司

RICHFIELD GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 183)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

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 2013 together with the comparative unaudited figures for the corresponding periods in 2012 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2013

		Six months ended 31 December	
	Notes	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
REVENUE	4	47,724	25,508
Cost of sales		(14,925)	(21,092)
Gross profit		32,799	4,416
Other income	4	37,097	12,454
Selling and distribution expenses		(1,622)	(5,870)
Administrative expenses		(34,697)	(28,196)
OPERATING PROFIT/(LOSS)		33,577	(17,196)
Finance costs		-	(1,964)
Share of profit of associates		-	-
Share of profit of a joint venture		-	-
PROFIT/(LOSS) BEFORE INCOME TAX	5	33,577	(19,160)
Income tax expense	6	(3,457)	(582)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		30,120	(19,742)
EARNINGS/(LOSS) PER SHARE FOR PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic and diluted		HK0.87 cent	HK(0.57) cent

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2013

	Six months ended	
	31 December	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit/(Loss) for the period	30,120	(19,742)
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Net fair value gain/(loss) on available-for-sale financial assets	11,730	(1,551)
Exchange differences arising on translation of foreign operations	193	–
	11,923	(1,551)
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	9,865	–
Other comprehensive income for the period, net of tax	21,788	(1,551)
Total comprehensive income for the period attributable to owners of the Company	51,908	(21,293)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	As at 31 December 2013 (Unaudited) HK\$'000	As at 30 June 2013 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		129,642	133,502
Investment properties		190,000	190,000
Interests in associates		413	413
Amounts due from an associate		4,319	4,401
Interests in a joint venture		535	535
Amounts due from a joint venture		4,659	4,631
Goodwill	9	271,000	271,000
Available-for-sale financial assets	10	103,460	90,676
		704,028	695,158
Current assets			
Properties held for trading		73,075	73,075
Properties under development		779,747	745,485
Trade receivables	11	39,783	58,673
Prepayments, deposits and other receivables		17,396	10,718
Financial assets at fair value through profit or loss		747	607
Amounts due from an associate		83,624	68,014
Cash and cash equivalents		245,533	242,013
Restricted bank deposits	12	88,253	112,095
		1,328,158	1,310,680
Current liabilities			
Accrued expenses and other payables		112,906	137,428
Borrowings		133,516	136,015
Finance lease liabilities		384	384
Provision for income tax		4,742	3,113
		251,548	276,940
Net current assets		1,076,610	1,033,740
Total assets less current liabilities		1,780,638	1,728,898

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

As at 31 December 2013

	Notes	As at 31 December 2013 (Unaudited) HK\$'000	As at 30 June 2013 (Audited) HK\$'000
Non-current liabilities			
Borrowings		234,000	234,000
Finance lease liabilities		1,668	1,836
Deferred tax liabilities		616	616
		236,284	236,452
Net assets		1,544,354	1,492,446
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	34,785	34,785
Reserves		1,509,569	1,457,661
Total equity		1,544,354	1,492,446

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2013

	Six months ended 31 December	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Net cash used in operating activities	(2,344)	(373,616)
Net cash generated from/(used in) investing activities	11,641	(2,841)
Net cash used in from financing activities	(2,667)	(2,053)
Net increase/(decrease) in cash and cash equivalents	6,630	(378,510)
Cash and cash equivalents at beginning of period	238,903	617,416
CASH AND CASH EQUIVALENTS AT END OF PERIOD	245,533	238,906
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	55,373	92,192
Short-term deposits	190,160	146,714
	245,533	238,906

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2013

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

	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	Foreign exchange reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 July 2013	34,785	1,274,759	-	6,303	5,145	-	171,454	1,492,446
Profit for the period	-	-	-	-	-	-	30,120	30,120
Other comprehensive income:								
Net fair value gain on available-for-sale financial assets	-	-	-	-	11,730	-	-	11,730
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	-	-	-	-	9,865	-	-	9,865
Exchange differences arising on translation of foreign operations	-	-	-	-	-	193	-	193
Total comprehensive income for the period	-	-	-	-	21,595	193	30,120	51,908
At 31 December 2013	34,785	1,274,759	-	6,303	26,740	193	201,574	1,544,354

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

These condensed consolidated interim financial statements are unaudited, but have been reviewed by the audit committee of the Company and approved for issue by the board of directors (the “Board”) of the Company on 28 February 2014.

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 2013 (the “Condensed Financial Report”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

These Condensed Financial Report do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2013 (the “2013 Annual Financial Statements”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

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

In preparing the Condensed Financial Report, significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2013 Annual Financial Statements.

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

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

Principal accounting policies

The accounting policies used in the preparation of these Condensed Financial Report are consistent with those set out in the 2013 Annual Financial Statements, except that the Group has applied, for the first time, the following new or revised standards, amendments and interpretations (the “new or revised HKFRSs”) issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 July 2013.

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

The title used by HKAS 1 for the statement of comprehensive income has changed to “Statement of profit or loss and other comprehensive income”.

The Group has applied the new terminology to rename “income statement” as “statement of profit or loss” and “statement of comprehensive income” as “statement of profit or loss and other comprehensive income”. As the amendments affect presentation only, there are no effects on the Group’s financial position or performance.

HKFRS 11 – Joint arrangements

HKFRS 11, which replaces HKAS 31, Interests in Joint Ventures, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator’s interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group’s consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

HKFRS 12 – Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in the Condensed Financial Report as a result of adopting HKFRS 12.

HKFRS 13 – Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Annual improvements to HKFRSs 2009–2011 cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (the "CODM") and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. The amendment does not have any impact on the segment disclosure of the Group because the amounts of segment liabilities are not regularly provided to the CODM (i.e. the executive directors).

The directors of the Company anticipate that the application of new and revised HKFRSs but not yet effective will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group has identified the following operating segments.

Property Assembly and Brokerage Business: Provision of property brokerage services; provision of schemes for property consolidation, assembly and redevelopment; and property trading

Property Development Business: The Group's property development business is segregated further into two reportable segments on a geographical basis - Hong Kong and the United Kingdom

Reported segment information is based on internal management reporting information that is regularly reviewed by the chief operating decision-maker, i.e. the executive directors. The executive directors assess 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 assets and corporate 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 - Hong Kong		Property Development Business - the United Kingdom		Total	
	Six months ended 31 December		Six months ended 31 December		Six months ended 31 December		Six months ended 31 December	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Reportable segment revenue:								
From external customers	47,724	25,508	-	-	-	-	47,724	25,508
Reportable segment profit/(loss)	14,176	(18,027)	(591)	1,780	2,383	-	15,968	(16,247)
Reportable segment assets	644,712	1,068,642	448,493	817,126	342,869	-	1,436,074	1,885,768

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	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Reportable segment profit/(loss)	15,968	(16,247)
Renovation service income	–	28
Net fair value gain on financial assets at fair value through profit or loss	–	462
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	(9,865)	–
Unallocated corporate income	33,615	6,064
Unallocated corporate expenses	(6,141)	(9,467)
Profit/(Loss) before income tax	33,577	(19,160)

4. REVENUE AND OTHER INCOME

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

	Six months ended	
	31 December	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<hr/>		
Revenue		
Commission income	46,933	24,909
Lease management services income	791	599
	<hr/>	
	47,724	25,508
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Other income		
Dividend income	1,488	1,450
Exchange gains, net	29,313	4,104
Gain on disposal of property, plant and equipment	–	3
Interest income	1,332	856
Net fair value gain on financial assets at fair value through profit and loss	–	462
Rental income	4,630	5,042
Renovation service income	–	28
Sundry income	334	509
	<hr/>	
	37,097	12,454
	<hr/>	
	84,821	37,962
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5. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Six months ended	
	31 December	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	3,911	4,199
Directors' remuneration	970	880
Equity-settled share-based payments expenses	–	3,505
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	9,865	–

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 31 December 2012: 16.5%) on the estimated assessable profit arising in Hong Kong for the current period.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2013 (six months ended 31 December 2012: Nil).

8. EARNINGS/(LOSS) PER SHARE

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

	Six months ended	
	31 December	
	2013	2012
	(Unaudited)	(Unaudited)
Profit/(Loss) for the period, attributable to owners of the Company (HK\$'000)	30,120	(19,742)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share ('000)	3,478,500	3,478,500
Basic and diluted earnings/(loss) per share (HK cent)	0.87	(0.57)

There were no diluted potential ordinary shares for the six months ended 31 December 2013 and 2012 as the outstanding share options were out of the money for the purpose of the diluted earnings/(loss) per share calculation.

9. GOODWILL

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

	31 December 2013 (Unaudited) HK\$'000	30 June 2013 (Audited) HK\$'000
Attributable to the Property Assembly and Brokerage Business	271,000	271,000

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2013 (Unaudited) HK\$'000	30 June 2013 (Audited) HK\$'000
Listed equity securities – Hong Kong	53,387	33,658
Listed debts investments – Hong Kong	26,338	25,728
Unlisted investment funds	23,735	31,290
	103,460	90,676
Net carrying amount at beginning of the period/year	90,676	93,797
Additions	1,054	–
Disposals	–	(2,365)
Change in fair value credited/(debited) to revaluation reserve in equity	11,730	(756)
Net carrying amount at end of the period/year	103,460	90,676

Listed equity securities, listed debts investments and unlisted investment funds with carrying amounts of HK\$53,387,000 (30 June 2013: HK\$33,658,000), HK\$26,338,000 (30 June 2013: HK\$25,728,000) and HK\$13,757,000 (30 June 2013: HK\$22,325,000) 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\$9,978,000 (30 June 2013: HK\$8,965,000) are measured at cost less impairment losses as the variability in the range of reasonable fair value estimates is significant and the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value. The directors of the Company are of the opinion that the fair value cannot be measured reliably.

As at 31 December 2013, available-for-sale financial assets were individually determined to be impaired on the basis of a material decline in their fair value below cost which indicated that the investment costs may not be recovered. During the period, an impairment loss of HK\$9,865,000 (six months ended 31 December 2012: Nil) on these investments was recognised in profit or loss. As at 31 December 2013, the fair value of individual impaired available-for-sale equity securities was nil (30 June 2013: Nil).

11. TRADE RECEIVABLES

The Group generally allows a credit period of 1 month (2012: 1 month) to its trade customers within Property Assembly and Brokerage Business, in accordance with the terms of the mutual agreements after individual negotiations.

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

	31 December 2013 (Unaudited) HK\$'000	30 June 2013 (Audited) HK\$'000
Within 90 days	29,101	25,108
91 to 180 days	6,574	29,689
181 to 365 days	2,821	1,246
Over 365 days	1,287	2,630
	39,783	58,673

12. RESTRICTED BANK DEPOSITS

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

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

13. SHARE CAPITAL

	Number of shares	(Unaudited) HK\$'000
Authorised		
Ordinary shares of HK\$0.01 each	10,000,000,000	100,000
Issued and fully paid		
Ordinary shares of HK\$0.01 each At 1 July 2013 and 31 December 2013	3,478,500,000	34,785

14. MATERIAL RELATED PARTY TRANSACTIONS

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

	Six months ended 31 December	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Equipment acquired from a related company in which one of the directors of the Company is a common director and controlled by one of the substantial shareholders of the Company	40	132
Printing services 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	15	56
Rental expenses paid to a related company owned by a director of a subsidiary of the Company	477	477
Rental expenses paid to a related company owned by a substantial shareholder of the Company	1,920	1,269
	2,452	1,934

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	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Salaries and allowances	3,951	2,560
Equity-settled share-based payments	–	3,505
	3,951	6,065

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset and liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within the financial assets is categorised in its entirety based on the lowest level of input that is significant to the fair value measurement.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
31 December 2013				
Assets:				
Available-for-sale financial assets				
– Listed equity securities	53,387	–	–	53,387
– Listed debts investments	26,338	–	–	26,338
– Unlisted investment funds	13,757	–	–	13,757
Financial assets at fair value through profit or loss				
– Unlisted investment funds	747	–	–	747
Total and net fair values	94,229	–	–	94,229
30 June 2013				
Assets:				
Available-for-sale financial assets				
– Listed equity securities	33,658	–	–	33,658
– Listed debts investments	25,728	–	–	25,728
– Unlisted investment funds	22,325	–	–	22,325
Financial assets at fair value through profit or loss				
– Unlisted investment funds	607	–	–	607
Total and net fair values	82,318	–	–	82,318

During the six months ended 30 June 2013, there was no transfers between Level 1 and Level 2, or transfers into or out of Level 3 in the reporting period.

16. LITIGATIONS

As at 31 December 2013, there were two litigation claims against the Group. One of the litigation relates to labour dispute made against the Group. This claim concerned the former employee of the Group who made claim on account of alleged bonuses due in relation to the property assembly projects undertaken by the Group during his course of employment. The Labour Tribunal judged that the Group is liable to pay HK\$4,100,000 to the former employee. Accordingly, the provision for legal claim of approximately HK\$4,100,000 has been provided for the year ended 30 June 2013. The Group appealed against the decision to the High Court. As at the date of the approval of the interim result, the litigation is still in progress.

In September 2013, there was a litigation relating to the property agency dispute made against the Group and the purchaser. In that action, the plaintiff, being the registered owner of a flat in an old building, sought to obtain, amongst other things, an order from the court to rescind a provisional agreement for sale and purchase under which the plaintiff agreed to sell her property to the purchaser at the consideration and on the terms and conditions stated therein. A global settlement agreement has subsequently been reached by the parties in February 2014 and the parties are seeking the approval of the High Court to allow them to wholly discontinue their respective claims/counterclaims therein with no order as to costs. As at the date of the approval of the interim result, the litigation is still in progress.

17. SUBSEQUENT EVENT

On 17 January 2014, World Fair Global Limited, a wholly owned subsidiary of the Company has entered into a provisional agreement for sale and purchase with an independent third party to dispose 49% equity interests and 49% of the entire loan due and payable by those wholly owned subsidiaries, which holds those properties located in Nos. 142-154 Carpenter Road, Kowloon, Hong Kong, at the consideration of HK\$225,400,000. Deposits with the total sum of HK\$22,540,000 have been received in January 2014.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2013 (six months ended 31 December 2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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

The Group is continuously reviewing, analysing the potential value and engaging in various property assembly projects in Hong Kong. Those engaged projects are all residential and commercial properties which are located in Hong Kong Island and Kowloon. Regarding the property development business, the Group is engaged in 3 projects, which are located in Hong Kong and London. On 17 January 2014, the Company has entered into a provisional agreement for sale and purchase to dispose 49% equity interests in those wholly owned subsidiaries which holds the properties located in Nos. 142-154 Carpenter Road, Kowloon (the "Carpenter Road Property"). The disposal represents a good opportunity for realisation of the Group's investment in the Carpenter Road Property whilst allows the Group to maintain its interests in the redevelopment of the Carpenter Road Property.

FINANCIAL REVIEW

The Group recorded a turnover of approximately HK\$47,724,000 for the six months ended 31 December 2013, representing an increase of approximately 87% comparing with that of approximately HK\$25,508,000 for the corresponding period of last financial year. The improvement in turnover was mainly attributed to the increase in turnover from the business of property assembly and brokerage. In respect of the business of property assembly and brokerage, it still contributes the whole revenue of the Group for the period and the turnover was increased by 87% compared with the corresponding period of last financial year of approximately HK\$25,508,000 because of the completion of the 2 major property assembly projects during the six months ended 31 December 2013. Only 1 major project was completed during the corresponding period of last financial year.

Profit before income tax of the Group for the six months ended 31 December 2013 was approximately HK\$33,577,000, while a loss before income tax of approximately HK\$19,160,000 was recorded for the corresponding period of last financial year. As a result of the increase in turnover from the business of property assembly and brokerage, the implementation of cost reduction and the exchange gain recognised for the appreciation of British Pound ("GBP"), a profit attributable to owners of the Company for the period of approximately HK\$30,120,000 was recorded compared with the loss attributable to owners of the Company of approximately HK\$19,742,000 for the corresponding period of last financial year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2013, the Group has net current assets of approximately HK\$1,076,610,000 (30 June 2013: approximately HK\$1,033,740,000), including cash and bank balances of approximately HK\$245,533,000 (30 June 2013: approximately HK\$242,013,000).

The gearing ratio was 18.19% as at 31 December 2013 (30 June 2013: 18.56%). 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 2013.

During the six months ended 31 December 2013, the Group financed its operations with its own working capital and borrowings. As at 31 December 2013, total unsecured and secured bank borrowings of the Group amounted to approximately HK\$367,516,000 (30 June 2013: HK\$370,015,000), which are repayable with a period of not exceeding 5 years. Total other borrowings of the Group amounted to HK\$2,052,000 (30 June 2013: HK\$2,220,000), 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 2013 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 2013, properties under development, investment properties and leasehold properties of the Group with a carrying value of approximately HK\$441,375,000, HK\$190,000,000 and HK\$99,428,000 (30 June 2013: approximately HK\$435,901,000, HK\$190,000,000 and HK\$100,618,000), respectively were pledged to secure banking facilities for the Group.

CONTINGENT LIABILITIES

Save as disclosed in note 16 to the unaudited condensed financial statements of this interim result, the Company had given guarantees of HK\$472,000,000 (30 June 2013: HK\$728,000,000) in respect of the banking facilities of the subsidiaries and the associate for the property development projects at Nos. 142–154 Carpenter Road, Kowloon, and Nos. 18–32 Junction Road, Kowloon, Hong Kong and investment properties for those shops in Wing Lee Building, Kowloon, Hong Kong, as at 31 December 2013.

LEASE AND CONTRACTED COMMITMENTS

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

At 31 December 2013, the total future minimum lease payments under non-cancellable operating leases payable by the Group as follows:

As Lessee

	31 December 2013 (Unaudited) HK\$'000	30 June 2013 (Audited) HK\$'000
Within one year	3,707	3,931
In the second to fifth years	–	1,105
	3,707	5,036

The Group leases its properties under operating lease arrangements which run for an initial period of two years, with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. None of the leases include contingent rentals.

At 31 December 2013, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

As Lessor

	31 December 2013 (Unaudited) HK\$'000	30 June 2013 (Audited) HK\$'000
Within one year	12,852	4,474
In the second to fifth years	13,819	–
	26,671	4,474

Save for the above commitment, as at 31 December 2013, 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 2013 were denominated in United States dollars ("US\$"), GBP, HK\$ and Renminbi ("RMB"), and most of the assets and liabilities as at 31 December 2013 were denominated in US\$, GBP, HK\$ and RMB. Accordingly, the Board is of the view that, to a certain extent, the Group is exposed to foreign currency exchange risk. For the US\$ foreign exchange exposure, the Board believes the exposure is small as the exchange rate of US\$ to HK\$ is comparatively stable. However, the Group is exposed to RMB and GBP foreign exchange exposure and fluctuation of exchange rates of RMB and GBP against HK\$ could affect the Group's results of operations. During the period, no hedging transaction or arrangement was made since the exchange rate of RMB and GBP to HK\$ is also fairly stable.

TREASURY POLICIES

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

SEGMENT INFORMATION

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2013, the Group had 125 (30 June 2013: 133) employees, including Directors. Total staff costs (including Directors' emoluments) were approximately HK\$21,217,000 for the six months ended 31 December 2013 as compared to approximately HK\$32,920,000 for the six months ended 31 December 2012. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and share option scheme.

BUSINESS OVERVIEW

Property Assembly and Brokerage Business

The Hong Kong economy grew moderately further in 2013, by approximately 2.9% in real terms over a year earlier. The property market of Hong Kong stayed quiet while fewer trading activities were took place during the period. Various measures adopted by the Government to curb the rising property prices and ensure a healthy development of the property market still managed the demand of the market. The total number of sale and purchase agreements for residential property dropped sharply by approximately 47% from a year earlier. Property owners and developers stayed on the sideline and awaited further changes of the market.

During the six months period ended 31 December 2013, the turnover from the property assembly and brokerage business recorded a mild increase to approximately HK\$47,724,000, increase by 87% from the corresponding period of the last financial year of approximately HK\$25,508,000. The Group recorded an operating profit for the property assembly and brokerage business of approximately HK\$14,176,000, compared with the operating loss of approximately HK\$18,027,000 for the corresponding period of the last financial year. Since the cost of acquisition and construction were increased noticeably that affected the development plans of developers and the progress of the property assembly projects. Some of the property assembly projects have been affected and standstill during the period. Yet the mild result improvement for the period was mainly attributable to the completion of two property assembly projects and the implementation of cost reduction for the period.

For the six months ended 31 December 2013, the Group has completed 2 major assembly projects, which are located in Kowloon, including Jordon and Tai Kok Tsui. Those projects are mainly located along the metro line in the city. The total contract sum and the total revenue for those major completed projects recorded for the six months ended 31 December 2013 are approximately HK\$450,378,000 and HK\$26,395,000, respectively, while the total accumulated contract sum for those major completed projects since their commencement is approximately HK\$1,670,974,000. The revenue received from those projects completed in previous years is approximately HK\$12,598,000, and the revenue received from other incomplete projects is approximately HK\$8,731,000.

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. It was continues to be affected by various measures adopted by the Government to curb the rising property prices. The property value was dropped moderately for the period.

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 period. The project has a site area of approximately 10,200 square feet and a gross floor area of approximately 84,000 square feet. The vacant possession of the project was completed in June 2011 and the development work has also been commenced in 2012. The Group intended to develop it into a composite residential/commercial building.

In addition, the Group has acquired all the property units of the Carpenter Road Property during the year ended 30 June 2012. It has a site area of approximately 9,100 square feet. The Group holds 100% equity interests of the project. On 17 January 2014, the Company has entered into a provisional agreement for sale and purchase to dispose 49% equity interests in those wholly owned subsidiaries which holds the Carpenter Road Property. The purchaser is an independent third party. The disposal represents a good opportunity for realisation of the Group's investment in the Carpenter Road Property whilst allows the Group to maintain its interests in the redevelopment of the Carpenter Road Property. Further, the proceeds from the disposal can reduce the overall gearing of the Group and can further strengthen the cash position of the Group and will allow the Group to reallocate its resources for future development.

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

Apart from the two local property development projects, the Group has acquired its third redevelopment project in central London at Nos. 119–122 Bayswater Road, London, United Kingdom, in August 2012. The property is located on Bayswater Road, which is directly opposite to Hyde Park. It is well served by London public transport with Underground Station located within one minute walking distance. The property has a site area of approximately 8,300 square feet and formerly comprised 4 old Victorian terraced houses that were converted into a hotel with retail shops at ground floor. The property was acquired with an approval consented scheme which can be developed into high quality residential apartments with retail shops at ground floor and the total gross internal area is approximately 33,000 square feet. The main reason for diversifying to central London is that the prime central London continues to be benefited from overseas demand with buyer looking for a safe haven for the capital.

PROSPECTS

The residential property market remained quiet in the second half year of 2013. The total number of sale and purchase agreements for residential property dropped sharply by approximately 47% from a year earlier. The high acquisition price as well as the construction work costs affected the plans of developers, in which challenging the property assembly and brokerage business. Even though the Government increases the supply of land in 2013, the supply of land in urban areas still remained scarce and 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 around the metro area.

The Group will regularly review and manage the project mix to maintain and maximise the profitability. The property assembly and brokerage business will continue to attribute a considerable income to the Group, while bringing the best return to its shareholders.

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

CONNECTED PARTY TRANSACTIONS

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

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

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed shares during the six months ended 31 December 2013.

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 2013.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “Code”) as set out in Appendix 14 of the Listing Rules. The Company has complied with the code provisions set out in the Code throughout the six months ended 31 December 2013, except for the deviation that the post of chairman has been vacant since the resignation of Mr. Pong on 5 February 2008. If candidate with suitable skill and experience is identified within or outside the Group, the Company will make necessary arrangement for the new appointment at appropriate time. In addition, the auditors of the Company was unable to attend the annual general meeting of the Company held on 25 November 2013 due to other business commitment.

PRE-EMPTIVE RIGHTS

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

AUDIT COMMITTEE

The Company established an audit committee (the “Committee”) on 2 May 2002, with written terms of reference in compliance with the Listing Rules, which were revised on 28 February 2011 and 30 March 2012 respectively, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive Directors, namely Mr. Koo Fook Sun, Louis, Mr. Lung Hung Cheuk and Ms. Yeung Wing Yan, Wendy. The unaudited consolidated results of the Group for the six months ended 31 December 2013 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 2014

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, Mr. Lung Hung Cheuk and Ms. Yeung Wing Yan, Wendy respectively.