田生集團有限公司
RICHFIELD GROUP HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)
(於 開 曼 群 島 註 冊 成 立 之 有 限 公 司)
Stock Code 股份代號：183

Annual Report 2012 年報

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Lee Wing Yin *(Chief Executive Officer)*
Ngan Man Ho

NON-EXECUTIVE DIRECTOR

Lai Hin Wing, Henry

INDEPENDENT NON-EXECUTIVE DIRECTORS

Koo Fook Sun, Louis
Lung Hung Cheuk
Yeung Wing Yan, Wendy

COMPLIANCE OFFICER

Lee Wing Yin

COMPANY SECRETARY

Lee Wing Yin

AUDIT COMMITTEE

Koo Fook Sun, Louis *(Chairman)*
Lung Hung Cheuk
Yeung Wing Yan, Wendy

REMUNERATION COMMITTEE

Lung Hung Cheuk *(Chairman)*
Koo Fook Sun, Louis
Yeung Wing Yan, Wendy

NOMINATION COMMITTEE

Yeung Wing Yan, Wendy *(Chairwoman)*
Koo Fook Sun, Louis
Lung Hung Cheuk

AUTHORISED REPRESENTATIVES

Lee Wing Yin
Ngan Man Ho

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 1209, 12/F.
Silvercord Tower 2
30 Canton Road
Tsim Sha Tsui
Hong Kong

COMPANY HOMEPAGE

ir.sinodelta.com.hk/richfieldgp/

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Trustee (Cayman) Limited
P.O. Box 484
HSBC House
68 West Bay Road
Grand Cayman KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Hong Kong

AUDITOR

BDO Limited
Certified Public Accountants

STOCK CODE

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LETTER FROM CHIEF EXECUTIVE OFFICER

Dear Shareholders,

On behalf of Richfield Group Holdings Limited, I am pleased to provide our business development in the fiscal year of 2012.

The joint efforts of the management came to the second year of listing on the Main Board ("Main Board") of The Stock Exchange of Hong Kong Limited since 2 December 2010. The external environment continues to face a higher degree of uncertainty in the year. The escalation of the eurozone sovereign debt crisis weighed on economic sentiments around the globe and further hampered the already fragile European Union ("EU") economy. In the United State ("US"), although economic growth still proceeded at a moderate pace, signs of renewed weakness turned more apparent. The lull in the US and EU economies had in turn inflicted negative ripple effects on the Asian economies. The Hong Kong economy remained rather sluggish in the year. The Gross Domestic Product ("GDP") of Hong Kong in the second quarter of 2012 grew slightly of 1.1% over a year earlier, after the 0.7% growth in the first quarter in 2012. Given the current uncertain economic environment of the market, the Group continued to take cautious steps to closely monitor the situation and assess its impact on the Group.

The relaxation of compulsory sales threshold of old buildings from 90% to 80% was carried out by the Government since April 2010 and a Mandatory Building Inspection Scheme has also been implemented in June 2012. Although they provided a favourable condition for the Group in accelerating the unification of ownership, buying old buildings for redevelopment was becoming worthwhile investment. The cost of acquisition was stimulated to new high records which affected plans of developers, in which challenging the property assembly and brokerage business.

Despite of the sluggish market condition in the fiscal year of 2012, 7 assembly projects were completed during the year and those projects, are all located in the metro areas. The Group continued to be recognised by the developers for completion of redevelopment sites in those key metro areas, including the Kowloon City, Sham Shui Po and Mong Kok, etc. Besides, new television advertisements, television programme sponsorship and corporate social responsibility programmes have also been implemented in the year. To maintain its competitive advantage, the Group will continue to expand its market share and coverage in urban areas and some prime locations in the New Territories despite of the sluggish market condition.

The Group would take conservative strategy to diversify its business scope and have involved in three development projects, 2 of them are in Hong Kong and one of them is in central London. The Group's involvement in those property development projects provide the best opportunity to tap into the property development market in Hong Kong and London and will enhance the shareholders' value.

On behalf of the Board, I would like to take this opportunity to express our gratitude to all members of the Board, staff and those who have supported us for their dedication and contribution to the Group. We will continue to put our best efforts to generate good business results and better return to our shareholders.

Lee Wing Yin
Chief Executive Officer
Hong Kong
27 September 2012

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Richfield Group Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") is principally engaged in provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopment, property trading and property development. The Group is currently reviewing and analysing the potential value and engaged in various property assembly projects and redevelopment projects. Those engaged projects are all residential and commercial properties which 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.

BUSINESS OVERVIEW *(cont'd)*

PROPERTY ASSEMBLY AND BROKERAGE BUSINESS *(cont'd)*

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.

BUSINESS OVERVIEW *(cont'd)*

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 holds 100% equity interests of the project and the Group has commenced the development planning with a view to maximise its value to the Group. The project is intended to be developed into a composite residential/commercial building.

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 rebounce 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.

PROSPECTS *(cont'd)*

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 provides 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 report, 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 report.

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 **HK$'000**	2011 HK$'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.

SEGMENT INFORMATION

The analysis of the principal activities and geographical locations of the operations of the Group are set out in note 5 to the financial statements.

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.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lee Wing Yin ("Mr. Lee"), aged 42, has been appointed as the authorised representative and company secretary of the Company since 23 March 2007, an executive director of the Company since 1 June 2010, chief executive officer of the Company (the "CEO") since 4 November 2011 and compliance officer of the Company since 12 December 2011. He is also a director of various subsidiaries and the associates of the Company. He is responsible for provision of advice for overall management, strategic development and supervision of the Group. Mr. Lee is an associate member of the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and a fellow member of The Association of Chartered Certified Accountants. He has over ten years of working experience in auditing and business advisory services and had worked for international accounting firms for six years. He held senior financial management positions with various local companies before joining the Company. Mr. Lee was appointed as the executive director and chairman of iOne Holdings Limited (Stock code: 982), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), with effect from 18 September 2009 and 1 March 2010 respectively.

Mr. Ngan Man Ho ("Mr. Ngan"), aged 35, has been appointed as an executive director and authorised representative of the Company since 12 December 2011. He is the chief architect of the Company and joined the Group in January 2010. He graduated from the University of Hong Kong with a master degree of Architecture and a bachelor degree of Arts in Architectural Studies. He is currently an authorised person under Building Authority of Hong Kong, a registered architect of Hong Kong and a member of Hong Kong Institute of Architect with 9 years of extensive experience in architectural design and project management. He has participated in various projects in Hong Kong and the PRC. His range of design works includes commercial office tower, hotel, civic and cultural buildings, comprehensive residential development, entertainment complex and industrial development.

NON-EXECUTIVE DIRECTOR

Mr. Lai Hin Wing, Henry ("Mr. Lai"), aged 55, has been appointed as an independent non-executive director of the Company since 23 March 2007 and re-designated as a non-executive director of the Company since 12 December 2011. Mr. Lai is a partner of Messrs. P. C. Woo & Co., a firm of solicitors and notaries in Hong Kong, and has been practising in the legal field for more than thirty years. Graduated from The University of Hong Kong with a bachelor of law degree, Mr. Lai was admitted as a solicitor in Hong Kong, England and Wales and the State of Victoria, Australia. Mr. Lai is a Notary Public and a China Appointed Attesting Officer in Hong Kong. He was a non-executive director of Allied Properties (H.K.) Limited (Stock code: 56), a company listed on Main Board of the Stock Exchange, during the period from 28 September 2004 to 17 June 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Koo Fook Sun, Louis ("Mr. Koo"), aged 56, has been appointed as an independent non-executive director of the Company since 23 March 2007. He is also the chairman of the audit committee and a member of the remuneration committee and nomination committee of the Company. Mr. Koo is the founder and the managing director of Hercules Capital Limited, a corporate finance advisory firm. Mr. Koo has many years of experience in investment banking and professional accounting. He was a managing director and head of the corporate finance department of a major international bank. Mr. Koo graduated with a bachelor's degree in business administration from the University of California at Berkeley and is a member of the HKICPA. He currently serves as an independent non-executive director of another four companies listed on the Main Board of the Stock Exchange, namely Good Friend International Holdings Inc. (Stock code: 2398), Li Ning Company Limited (Stock code: 2331), Xingda International Holdings Limited (Stock code: 1899) and Midland Holdings Limited (Stock code: 1200). He was an independent non-executive director of Weichai Power Co., Ltd. (Stock code: 2338) during the period from 20 October 2003 to 29 June 2012. Mr. Koo resigned as vice chairman and chief financial officer of 2020 ChinaCap Acquirco, Inc., a company then listed on The New York Stock Exchange Amex (now called NYSE Euronext), on 19 October 2009 and also resigned as an independent non-executive director of China Communications Construction Company Limited (Stock code: 1800) on 29 December 2009.

Mr. Lung Hung Cheuk ("Mr. Lung"), aged 65, has been appointed as an independent non-executive director of the Company since 23 March 2007. He is also the chairman of the remuneration committee, a member of the nomination committee and audit committee of the Company. Mr. Lung is a retired chief superintendent of the Hong Kong Police Force (the "Hong Kong Police") of Hong Kong. He joined the Hong Kong Police in 1966 as a Probationary Inspector at the age of 19. He was promoted to the rank of chief inspector in 1980, superintendent in 1986, senior superintendent in 1993 and chief superintendent in 1997. He had served in various police posts, namely Special Branch, Police Tactical Unit, Police Public Relations Bureau and in a number of police divisions at management level. Prior to his retirement in April 2002, he was the commander of Sham Shui Po Police District. Mr. Lung was also the secretary and then the chairman of the Superintendents' Association ("SPA") of the Hong Kong Police from 1993 to 2001. The membership of the SPA comprises the top management of the Hong Kong Police from superintendents up to and including the commissioner of Hong Kong Police. He was awarded the Police Meritorious Service Medal by the Chief Executive of Hong Kong in 2000. Mr. Lung is the independent non-executive director of iOne Holdings Limited (Stock code: 982) and Sitoy Group Holdings Limited (Stock code: 1023), two companies listed on the Main Board of the Stock Exchange. He was an independent non-executive director of Yunbo Digital Synergy Group Limited (formerly known as "Flexsystem Holdings Limited") (Stock code: 8050), a company listed on GEM of the Stock Exchange, during the period from 7 May 2011 to 16 February 2012. Mr. Lung was also an independent non-executive director of Global Energy Resources International Group Limited (formerly known as "UURG Corporation Limited") (Stock code: 8192), a company listed on GEM of the Stock Exchange, during the period from 19 September 2007 to 11 January 2010.

Ms. Yeung Wing Yan, Wendy ("Ms. Yeung"), aged 50, has been appointed as an independent non-executive director of the Company since 12 December 2011. She is also the chairwoman of the nomination committee, a member of the audit committee and remuneration committee of the Company. She holds a master's degree in Juris Doctor of the Faculty of Law from the Chinese University of Hong Kong and a bachelor's degree in Business Administration from the University of Hawaii at Manoa, Honolulu, Hawaii. She has about 20 years of experience in corporate and financial communications. Ms. Yeung was the founder and managing director of Occasions Corporate & Financial Communication Limited from 1993 to 2007 and a managing director of Financial Dynamics International Limited from 2007 to 2010. She is currently a member of the Council of Lingnan University. Ms. Yeung was an independent non-executive director of Yunbo Digital Synergy Group Limited (formerly known as "FlexSystem Holdings Limited") (Stock code: 8050), a company listed on the Growth Enterprise Market of the Stock Exchange, during the period from 7 May 2011 to 16 February 2012.

SENIOR MANAGEMENT

Mr. Au Wing Wah ("Mr. Au"), aged 56, is the founder and director of Richfield Realty Limited ("Richfield Realty"), a wholly owned subsidiary of the Company. He is responsible for the strategic planning and management of property assembly and brokerage business. Mr. Au has over 20 years experience of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopments and property trading in Hong Kong and he is familiar with the price and market demand of sites and buildings in different urban districts in Hong Kong.

CORPORATE GOVERNANCE REPORT

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

    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.

BOARD OF DIRECTORS AND BOARD MEETING

The members of the Board for the year were:

EXECUTIVE DIRECTORS

Lee Wing Yin *(CEO)* (Appointed as CEO on 4 November 2011)
Ngan Man Ho (Appointed on 12 December 2011)
Pong Wai San, Wilson (Resigned as the CEO on 4 November 2011 and executive Director on 12 December 2011)

NON-EXECUTIVE DIRECTOR

Lai Hin Wing, Henry (Re-designated from independent non-executive Director to non-executive Director on 12 December 2011)
Li Chi Chung (Resigned on 12 December 2011)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Koo Fook Sun, Louis
Lung Hung Cheuk
Yeung Wing Yan, Wendy (Appointed on 12 December 2011)

The Board is responsible for the Group's corporate policy formulation, business strategies planning, business development, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the Board to the management include the preparation of annual and interim accounts for Board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

Each of the Directors' biographical information is set out on pages 10 to 12 of this annual report. All executive Directors have given sufficient time and attention to the affairs of the Group and each of them has sufficient experience to hold the position so as to carry out his duties effectively and efficiently. There is no relationship among the members of the Board.

The Company has appointed three independent non-executive Directors who have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of shareholders of the Company. At least one of the independent non-executive Directors have appropriate professional qualifications, or accounting or related financial management expertise. Each of them, namely Mr. Koo, Mr. Lung and Ms. Yeung, has signed a letter of appointment with the Company for a term of one year, of which Mr. Koo's and Mr. Lung's terms are commencing from 23 March 2012 and expiring on 22 March 2013, while Ms. Yeung's term is commencing from 12 December 2011 and expiring on 11 December 2012.

Mr. Lai, who was re-designated from independent non-executive Director to non-executive Director on 12 December 2011, has entered into a letter of appointment with the Company for a term of one year commencing from 12 December 2011 and expiring on 11 December 2012.

Mr. Lee, the executive Director, has entered into a service agreement with the Company and was appointed as the executive Director for an initial term of 36 months commencing from 1 June 2010, or terminated by not less than three months' notice in writing served by either party at any time thereafter. Mr. Lee is entitled to a director's emolument of HK$60,000 per month plus discretionary bonus to be decided by the Board at its sole discretion, which is determined by reference to the prevailing market conditions and his roles, experience and responsibilities in the Company.

Mr. Ngan, the executive Director appointed on 12 December 2011, has entered into a service agreement with the Company for an initial term of 36 months commencing from 12 December 2011, or terminated by not less than three months' notice in writing served by either party at any time thereafter. Mr. Ngan is entitled to a director's emolument of HK$58,000 per month plus discretionary bonus to be decided by the Board at its sole discretion, which is determined by reference to the prevailing market conditions and his roles, experience and responsibilities in the Company.

In accordance with article 87(1) of the articles of association of the Company, all Directors (including executive Directors, non-executive Director and independent non-executive Directors) are subject to retirement by rotation at least once every three years. Mr. Lee and Mr. Koo shall retire from office as Directors by rotation at the forthcoming annual general meeting of the Company (the "AGM"), and being eligible, offer themselves for re-election at the AGM.

In addition, Mr. Ngan and Ms. Yeung who were appointed on 12 December 2011 shall hold office only until the AGM and shall then be eligible for re-election at the AGM pursuant to the article 86(3) of the articles of association of the Company, and being eligible, will offer themselves for re-election.

Pursuant to the requirements of the Rule 3.13 of the Listing Rules, the Company has received from each of the independent non-executive Directors the written confirmation of his independence. Based on such confirmations of independence, the Company considers all of the independent non-executive Directors to be independent.

The Board met 4 times as regular meetings during the year to review the financial and operating performance of the Group.

Details of the attendance of the meetings of the Board are as follows:

	Attendance/ Number of General Meeting entitled to attend	Attendance/ Number of Board Meetings entitled to attend
Executive Directors		
Lee Wing Yin	1/1	4/4
Ngan Man Ho (Appointed on 12 December 2011)	0/0	2/2
Pong Wai San, Wilson (Resigned on 12 December 2011)	1/1	2/2
Non-executive Directors		
Lai Hin Wing, Henry (Re-designated from independent non-executive Director to non-executive Director on 12 December 2011)	0/1	4/4
Li Chi Chung (Resigned on 12 December 2011)	0/1	1/2
Independent Non-executive Directors		
Koo Fook Sun, Louis	1/1	4/4
Lung Hung Cheuk	0/1	4/4
Yeung Wing Yan, Wendy (Appointed on 12 December 2011)	0/0	2/2

During the period from 1 April 2012 to 30 June 2012, the management provided all members of the Board with monthly updates in accordance with the code provision C.1.2 of the CG Code.

CONTINUING PROFESSIONAL DEVELOPMENT

According to the code provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange and/or introduce some Director's training courses for the Directors to develop and explore their knowledge and skills.

DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged for appropriate insurance covering the liabilities of the Directors that may arise out the corporate activities, which has been complied with the CG Code. The insurance coverage is revised on an annual basis.

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 report, 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. Details of the attendance of the meeting of the Remuneration Committee are as follows:

Members	**Attendance**
Lung Hung Cheuk (*Committee Chairman*) (Appointed as the committee chairman on 12 December 2011)	3/3
Koo Fook Sun, Louis	3/3
Yeung Wing Yan, Wendy (Appointed on 12 December 2011)	1/1
Lai Hin Wing, Henry (Ceased to be the committee member on 12 December 2011)	2/2
Pong Wai San, Wilson (Resigned as the committee chairman and member on 12 December 2011)	2/2

NOMINATION COMMITTEE

According to code provision A.5 of the CG Code, the Company has to set up a nomination committee comprising a majority of independent non-executive Directors. The nomination committee of the Company (the “Nomination Committee”) was established on 12 November 2007 with written terms of reference which were revised on 28 February 2011 and 30 March 2012 respectively. As at the date of this report, 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 reference, 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. Details of the attendance of the meeting of the Nomination Committee are as follows:

Members	Attendance
Yeung Wing Yan, Wendy *(Committee Chairwoman)* (Appointed as the committee chairwoman on 12 December 2011)	1/1
Koo Fook Sun, Louis	2/2
Lung Hung Cheuk	2/2
Lai Hin Wing, Henry (Ceased to be the committee chairman and member on 12 December 2011)	1/1
Pong Wai San, Wilson (Resigned as the committee member on 12 December 2011)	1/1

AUDITOR'S REMUNERATION

The Company has appointed BDO Limited as the auditor of the Company (the "Auditor"). The Board is authorised in the annual general meeting to determine the remuneration of the Auditor. During the year, the Auditor performed the work of statutory audit for the year and also involved in non-audit assignment of the Group. The remuneration of the Auditor for the year is approximately HK$664,000. The fee paid for non-audit service was approximately HK$25,000.

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 report, 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. Details of the attendance of the meetings of the Audit Committee are as follows:

Members	Attendance
Koo Fook Sun, Louis *(Committee Chairman)*	4/4
Lung Hung Cheuk	4/4
Yeung Wing Yan, Wendy (Appointed on 12 December 2011)	2/2
Lai Hin Wing, Henry (Ceased to be the committee member on 12 December 2011)	2/2

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The Directors acknowledge their responsibility for the preparation of the financial statements of the Group. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made.

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

The Auditor's responsibilities are set out in the Independent Auditor's Report.

CORPORATE GOVERNANCE FUNCTIONS

According to code provision D.3 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company in accordance with the written terms of reference adopted by the Board on 30 March 2012. The Board shall have the following duties and responsibilities for performing the corporate governance duties of the Company:

- to develop and review the Group's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Group's compliance with the corporate governance code as set out in the Listing Rules and disclosure in the corporate governance report in annual report of the Company.

During the period from 1 April 2012 to 30 June 2012, the Board has not held any meeting for discussing corporate governance function.

INTERNAL CONTROL

The Board had conducted a review of the effectiveness of the Group's internal control system. The internal control system is designed to meet the Group's particular needs and the risks to which it is exposed, and by their nature can only provide reasonable, but not absolute assurance against misstatement or loss.

Procedures have been set up for safeguarding assets against unauthorised use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. Qualified management throughout the Group maintains and monitors the internal control system on an ongoing basis.

The Board considered that the internal control system of the Group is effective and the Audit Committee has found no material deficiencies on the internal control system.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHT

The Company values communication with the shareholders of the Company (the "Shareholders") and investors. The Company uses two-way communication channels to account to Shareholders and investors for the performance of the Company. Enquiries and suggestions from Shareholders or investors are welcomed, and enquires from Shareholders may be put to the Board through the following channels to the Company Secretary:

1. By mail to the Company's principle place of business at Unit 1209, 12/F., Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Hong Kong

2. By telephone at telephone number (852) 2317 6233;

3. By fax at fax number (852) 2317 6088; or

4. By email at inquire@richfieldgroup.com.hk

The Company uses a number of formal communications channel to account to Shareholders and investors for the performance of the Company. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the website of the Stock Exchange and the Company; (iv) the Company's website offering communication channel between the Company and its Shareholders and investors; and (v) the Company's share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear, detailed, timely manner and on a regular basis information of the Group to Shareholders through the publication of interim and annual reports and/or dispatching circular, notices, and other announcements.

The Company strives to take into consideration its Shareholders' views and inputs, and address Shareholders' concerns. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice shall be given. The Chairman as well as chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, the Directors are available to answer Shareholders' questions on the Group's businesses at the meeting. To comply with code provision E.1.2 of the CG Code, the management will ensure the external auditor to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

All Shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by Shareholders. According to article 58 of the article of association of the Company, any one or more of the members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

If a Shareholder wishes to propose a person (the "Candidate") for election as a Director at a general meeting, he/she shall deposit a written notice (the "Notice") at the Company's head office in Hong Kong at Unit 1209, 12/F., Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Hong Kong. The Notice (i) must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules and his/her contact details; and (ii) must be signed by the Shareholder concerned including the information/documents to verify the identity of the Shareholder and signed by the Candidate indicating his/her willingness to be elected and consent of publication of his/her personal data. The period for lodgment of the Notice shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such meeting. In order to ensure the Shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a Director without adjourning the general meeting, Shareholders are urged to submit and lodge the Notice as soon as practicable, say at least 15 business days prior to the date of the general meeting appointed for such election.

The Board has established a shareholder communication policy on 30 March 2012 and will review it on a regular basis to ensure its effectiveness to comply with the code provision E.1.4 of the CG Code.

In order to promote effective communication, the Company also maintains websites (http://ir.sinodelta.com.hk/richfieldgp/) which include the latest information relating to the Group and its businesses.

DIRECTORS' REPORT

For the year ended 30 June 2012

The Directors present the annual report and the audited consolidated financial statements of the Group for the year ended 30 June 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries of the Company are set out in note 18 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year and the state of affairs of the Group as at 30 June 2012 are set out in the financial statements on pages 35 to 110 of this report.

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.

CHARITABLE DONATIONS

During the year, the Group made charitable donation amount to HK$11,133,000.

SUMMARY FINANCIAL INFORMATION

The following is a summary of the consolidated results and of the consolidated assets and liabilities of the Group for the last five financial years:

CONSOLIDATED RESULTS

	Year Ended 30 June 2012 HK$'000	Year Ended 30 June 2011 HK$'000	Year Ended 30 June 2010 HK$'000	Period from 1 April 2008 to 30 June 2009 HK$'000	Year Ended 31 March 2008 HK$'000
Revenue	**153,807**	485,304	310,709	118,399	143,155
Profit before income tax from continuing and discontinued operations	**29,850**	203,045	166,305	34,607	34,153
Income tax expense	**(5,631)**	(35,142)	(25,868)	(10,980)	(6,496)
Profit after income tax	**24,219**	167,903	140,437	23,627	27,657
Attributable to:					
Owners of the Company	**24,219**	167,903	140,437	23,627	27,657

CONSOLIDATED ASSETS AND LIABILITIES

	As at 30 June 2012 HK$'000	As at 30 June 2011 HK$'000	As at 30 June 2010 HK$'000	As at 30 June 2009 HK$'000	As at 31 March 2008 HK$'000
Total assets	**2,216,479**	2,174,572	1,133,831	803,451	809,691
Total liabilities	**(521,406)**	(457,770)	(135,455)	(15,574)	(27,888)
Net assets	**1,695,073**	1,716,802	998,376	787,877	781,803

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 17 to the financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year are set out in note 32 to the financial statements.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity of the Group on page 41 of this report and in note 33 to the financial statements respectively.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution to shareholders amount to HK$1,280,181,000 (2011: HK$1,288,979,000). Under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the reserves of the Company are available for paying distributions or dividends to shareholders subject to the provisions of its memorandum and articles of association. In addition, dividends or distributions may, with the sanction of an ordinary resolution of shareholders of the Company, be declared and paid out of the share premium account of the Company provided that immediately following the distribution or dividend, the Company is able to pay its debts as they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, turnover made to the five largest customers of the Group accounted for approximately 91% (2011: 99%) of the Group's total turnover for the year. Turnover made to the Group's largest customers accounted for approximately 51% (2011: 37%) of the Group's total turnover for the year.

Purchases from the five largest suppliers of the Group accounted for approximately 93% (2011: 27%) of the Group's total purchases for the year. Purchases from the Group's largest suppliers accounted for approximately 76% (2011: 8%) of the Group's total purchases for the year.

At no time during the year, the Directors, their associates or any shareholders of the Company (which to the best knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest in these major customers or suppliers.

DIRECTORS

The Directors for the year and up to the date of this annual report were as follows:

EXECUTIVE DIRECTORS

Lee Wing Yin *(CEO)* (Appointed as CEO on 4 November 2011)
Ngan Man Ho (Appointed on 12 December 2011)
Pong Wai San, Wilson (Resigned as CEO on 4 November 2011 and executive Director on 12 December 2011)

NON-EXECUTIVE DIRECTORS

Lai Hin Wing, Henry
(Re-designated from independent non-executive Director to non-executive Director on 12 December 2011)
Li Chi Chung (Resigned on 12 December 2011)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Koo Fook Sun, Louis
Lung Hung Cheuk
Yeung Wing Yan, Wendy (Appointed on 12 December 2011)

In accordance with article 87(1) of the articles of association of the Company. Mr. Lee and Mr. Koo shall retire from office as Directors by rotation at the conclusion of the AGM and, being eligible, offer themselves for re-election at the AGM.

In accordance with article 86(3) of the articles of association of the Company, Mr. Ngan and Ms. Yeung shall hold office as Directors only until the AGM and, being eligible, offer themselves for re-election at the AGM.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 10 to 12 of this annual report.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed herein, no contract of significant to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' SERVICE CONTRACTS

Details of the Directors' service contracts and appointment letters are described in the "Corporate Governance Report" on pages 14 and 15.

Apart from the forgoing, no Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2012, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

	Number of shares		Approximate
Name of Directors	**Personal interest**	**Total**	**percentage of shareholding**
Lee Wing Yin	1,000,000	1,000,000 (Note)	0.03%
Ngan Man Ho	248,000	248,000	0.01%
Lai Hin Wing, Henry	1,000,000	1,000,000 (Note)	0.03%
Koo Fook Sun, Louis	1,000,000	1,000,000 (Note)	0.03%
Lung Hung Chuek	1,000,000	1,000,000 (Note)	0.03%

Note : These shares represent the share options granted by the Company under the share option scheme on 7 December 2010.

All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed above, as at 30 June 2012, none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2012, other than the interests of certain directors and chief executive of the Company as disclosed under the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the company or any associated corporation" above, the interests or short positions of person in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholders	Capacity in which shares are held	Number of shares	Approximate percentage of shareholding
Pong Wai San, Wilson (Note 1)	Beneficial owner	360,576,000	10.37%
	Interested in controlled corporation	936,794,000	26.93%
Tung Ching Yee, Helena (Note 2)	Family interest	1,297,370,000	37.30%
Virtue Partner Group Limited (Note 1)	Beneficial owner	936,794,000	26.93%
Au Wing Wah ("Mr. Au")	Beneficial owner	8,400,000 (Note 3)	0.24%
	Interest in controlled corporation	760,000,000 (Note 4)	21.85%
Kong Pik Fan (Note 5)	Family interest	768,400,000	22.09%
Richfield (Holdings) Limited	Beneficial owner	760,000,000 (Note 4)	21.85%

Notes:

1. 936,794,000 shares are beneficially owned by Virtue Partner Group Limited, a company wholly owned by Mr. Pong Wai San, Wilson ("Mr. Pong"), and therefore Mr. Pong is deemed to be interested in these shares under the SFO. 360,576,000 shares are personally owned by Mr. Pong, of which 8,400,000 shares represent the share options granted to him by the Company under the share option scheme on 9 July 2010.

2. Ms. Tung Ching Yee, Helena is the wife of Mr. Pong and accordingly deemed to be interested in the shares beneficially owned by Mr. Pong in his own capacity and through his controlled corporation, Virtue Partner Group Limited, under SFO.

3. These 8,400,000 shares are share options granted by the Company to Mr. Au under the share option scheme on 9 July 2010.

4. These shares are beneficially owned by Richfield (Holdings) Limited, a company wholly owned by Mr. Au, and therefore Mr. Au deemed to be interested in the shares owned by Richfield (Holdings) Limited, under SFO.

5. Ms. Kong Pik Fan is the wife of Mr. Au and accordingly deemed to be interested in the shares beneficially owned by Mr. Au in his own capacity and through his controlled corporation, Richfield (Holdings) Limited, under SFO.

All the interests disclosed above represent long position in shares of the Company.

Save as disclosed above, as at 30 June 2012, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

A share option scheme was adopted by the Company pursuant to written resolution of the Company on 2 May 2002 (the "Old Scheme") under which the Board may, at its discretion, grant options to the eligible participants of the scheme, including any directors, employees, consultants, advisers, suppliers or customers of the Group. The Old Scheme was terminated and a new share option scheme was adopted on 1 November 2011 (the "Adoption Date") by the shareholders of the Company (the "New Scheme"). The purpose of the share option scheme is to grant options to selected persons as incentives or rewards for their contribution to the Group.

The following is a summary of principal terms of the New Scheme adopted by the Shareholders passed as an ordinary resolution on 1 November 2011. The terms of the New Scheme are in accordance with the provisions of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange ("the "Listing Rules").

(A) PURPOSE OF THE NEW SCHEME

The purpose of the New Scheme is to enable the Company to grant options to selected persons as incentives or rewards for their contribution to the Company and its subsidiaries.

(B) PARTICIPANTS OF THE NEW SCHEME

The Board may, at its absolute discretion grant all directors (including executive, non-executive or independent non-executive directors), any employee (full-time or part-time), any adviser, consultant, supplier or customer of the Company or any of its subsidiaries, options to subscribe at a price calculated in accordance with the paragraph below for such number of shares as it may determine in accordance with the terms of the New Scheme.

(C) TOTAL NUMBER OF SHARES AVAILABLE FOR ISSUE UNDER THE NEW SCHEME

The maximum number of shares of the Company (the "Share(s)") available for issue under the share options which may be granted under the New Scheme and any other share option scheme of the Company must not, exceed 10% of the shares in issue on the Adoption Date (excluding, for this purpose, shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the New Scheme or any other share option schemes of the Company), unless shareholders' approval has been obtained.

As at the date of this annual report, the outstanding number of options available for issue under the New Scheme is 347,850,000 shares, representing 10% of the issued share capital of the Company.

(D) THE MAXIMUM ENTITLEMENT OF EACH PARTICIPANT UNDER THE NEW SCHEME

The total number of Shares issued and to be issued upon exercise of options granted and to be granted to each participant or grantee (including exercised, cancelled and outstanding options) under the New Scheme, in any 12-month period up to and including the date of grant shall not exceed 1% of the shares in issue.

(E) TIMING FOR EXERCISING OPTION

An option may be exercised in accordance with the terms of the New Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(F) PAYMENT OF ACCEPTANCE OF OPTION

The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.

(G) PERIOD OF ACCEPTANCE OF OPTION

An offer for the grant of options must be accepted within 21 days from the date of grant of the options.

(H) THE BASIS OF DETERMINING THE EXERCISE PRICE OF OPTION

The subscription price of a share in respect of any particular option granted under the New Scheme shall be a price determined by the Board and notified to a participant and shall be at least the highest of:

(i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date on which the Board passes a resolution approving the making of an offer of grant of an option to the participant (the "Offer Date");

(ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the Offer Date; and

(iii) the nominal value of the Share on the Offer Date.

(I) DURATION OF NEW SCHEME

The New Scheme will remain in force for a period of 10 years commencing from the Adoption Date.

(J) GRANT OF OPTIONS TO CONNECTED PERSON

Any grant of options to a connected person (as defined in the Listing Rules) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee). Where options are proposed to be granted to a substantial shareholder (as defined in the Listing Rules) of the Company or an independent non-executive Director or any of their respective associates, and the proposed grant of options which would result in the share issued and to be issued upon exercise of all options already granted or to be granted to such person in the 12-month period up to and including the date of offer of the options, would entitle that person to receive more than 0.1% of the total issued shares of the Company for the time being and the value of which is in excess of HK$5,000,000, then the proposed grant must be subject to the approval of the shareholders at the general meeting. All connected persons of the Company must abstain from voting in such general meeting (except where any connected person intends to vote against the proposed grant).

Details of the share options movements during the year ended 30 June 2012 under the share option schemes are as follows:

Name or category of grantee	Date of grant of share options	Exercise price (HK$)	Exercise period	Number of share options Balance as at 01.07.2011	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Balance as at 30.06.2012
Directors									
Lee Wing Yin	7/12/2010 (Note 1)	1.17	7/12/2010 – 6/12/2015	1,000,000	–	–	–	–	1,000,000
Koo Fook Sun, Louis	7/12/2010 (Note 1)	1.17	7/12/2010 – 6/12/2015	1,000,000	–	–	–	–	1,000,000
Lai Hin Wing, Henry	7/12/2010 (Note 1)	1.17	7/12/2010 – 6/12/2015	1,000,000	–	–	–	–	1,000,000
Lung Hung Cheuk	7/12/2010 (Note 1)	1.17	7/12/2010 – 6/12/2015	1,000,000	–	–	–	–	1,000,000
Li Chi Chung (Resigned on 12 December 2011)	7/12/2010 (Note 1)	1.17	7/12/2010 – 6/12/2015	1,000,000	–	–	(1,000,000)	–	–
Subtotal				5,000,000	–	–	(1,000,000)	–	4,000,000
Director of subsidiaries and the substantial shareholder									
Au Wing Wah	9/7/2010 (Note 2)	0.59	9/7/2010 – 8/7/2015	8,400,000	–	–	–	–	8,400,000
Consultant of the Company and the substantial shareholder									
Pong Wai San, Wilson (Resigned as Executive Director and appointed as Consultant on 12 December 2011)	9/7/2010 (Note 2)	0.59	9/7/2010 – 8/7/2015	8,400,000	–	–	–	–	8,400,000
Total				**21,800,000**	**–**	**–**	**(1,000,000)**	**–**	**20,800,000**

Note 1: The closing price of the Shares immediately before 7 December 2010, on which those options were granted, was HK$1.13.

Note 2: The closing price of the Shares immediately before 9 July 2010, on which those options were granted, was HK$0.58.

Information on the accounting policy and the value of options granted is provided in notes 3.22 and 36 to the financial statements.

DIRECTOR'S RIGHTS TO ACQUIRE SHARE OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, at no time during the reporting period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

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.

INVESTMENT IN SUBSIDIARIES

The principal activities of the Company's subsidiaries are set out in note 18 to the financial statements.

CORPORATE GOVERNANCE

The Company maintains a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 13 to 21. The Directors believe the long term financial performance as opposed to short term rewards is a corporate governance objective. The Board would not take undue risks to make short term gains at the expense of the long term objectives.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

PUBLIC FLOAT

As far as the information publicly available to the Company is concerned and to the best knowledge of the Directors, at least 25% of the Company's issued share capital were held by members of the public as at the date of this report.

DIRECTORS' INTERESTS IN COMPETING INTERESTS

As at the date of this report, none of the Directors, the management shareholders of the Company and their respective associates (as defined in the Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

CONTINUING CONNECTED TRANSACTIONS

On 27 September 2012, the Board has approved two tenancy agreements of the Company with Flexwood Limited ("Flexwood") as landlord to be signed on 28 September 2012, pursuant to which the Company will continue to rent an existing premise and rent 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, an executive Director and CEO within the preceding 12 months 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 will be set out in the Company's announcement dated 28 September 2012.

CONNECTED TRANSACTION

Save as disclosed above, there were no significant connected party transactions entered into by the Group for the year ended 30 June 2012.

Pursuant to the sales and purchase agreement dated 10 April 2007 (the "Acquisition Agreement") for the acquisition of Richfield Realty (the "Acquisition"), both Richfield (Holdings) Limited, as the vendor of the Acquisition, and Mr. Au, as the guarantor of the Acquisition, were guaranteed that the audited net profit before payment of the bonus payable to the management of Richfield Realty and after tax and any extraordinary or exceptional items of Richfield Realty for the year ended 28 May 2008 (the "Guaranteed Period") should not be less than HK$150,000,000 (the "Guaranteed Profit").

However, according to the audited financial statements of Richfield Realty, the Guaranteed Profit was not met as a result of the unforeseeable economic environment. Having considered the prospects of the business of the property assembly and brokerage and the potential of Richfield Realty, an agreement (the "Settlement Agreement") as supplemented by a supplemental agreement dated 17 July 2008 (the "Supplemental Agreement") was entered into on 12 June 2008 which, among the other things, was proposed to extend the time for fulfillment of an agreed guaranteed profit of approximately HK$345,949,000 ("New Guaranteed Profit").

As a result of the change of year end date of the Company as announced on 18 July 2008, the parties to the Settlement Agreement has entered into the Supplemental Agreement on 17 July 2008, pursuant to which the relevant period for the New Guaranteed Profit has been changed from 1 April 2008 to 31 March 2011 to the 36-month period from 1 July 2008 to 30 June 2011.

Both the Settlement Agreement and the Supplemental Agreement and the transactions respectively contemplated thereunder have been approved by the Independent Shareholders at the extraordinary general meetings of the Company held on 4 August 2008 and 25 August 2008 respectively.

After completion of the Acquisition, the Group has undergone internal group restructuring with the incorporation of a number of companies as wholly subsidiaries (together as the "New Companies"). The purpose of the internal group restructuring is to enhance the internal control and corporate governance of the members of the Group. In addition, the internal group restructuring will detach the profit centres and the cost centres of the original property related business functions carried out by Richfield Realty alone and would improve the management efficiency and accountability.

Consequently after such internal group restructuring, Richfield Realty is now mainly engaged in the provision of estate agency services and received agency income. All other services in connection with property consolidation, assembly and redevelopments are mainly carried out by the New Companies. Both the New Companies and Richfield Realty are wholly owned by Vastwood Ltd., a wholly owned subsidiary of the Company, and are under the same management.

Since the New Guaranteed Profit under the Settlement Agreement concerns the profit of Richfield Realty only, a strict interpretation of the relevant provisions of the Settlement Agreement and the Supplemental Agreement will mean that the revenues and profit presently generated by the New Companies, but which were carved out from the original operations of Richfield Realty, would not be accounted for in the calculation of the New Guaranteed Profit.

In order to reflect the original intention of the parties, on 25 August 2010, a second supplemental agreement (the "Second Supplemental Agreement") to the Settlement Agreement was entered into, pursuant to which the New Guaranteed Profit will include the profits of Richfield Realty and the New Companies (the "Proposed Amendments").

The Company considers that the Proposed Amendments do not constitute a material change to the terms of the Settlement Agreement and is of the view that the Proposed Amendments are merely reflection of the original terms that have been approved by the Independent Shareholders and are necessitated by the implementation of the internal restructuring of the Group as mentioned herein.

On 14 October 2011, the auditor of the Company issued the New Profit Guarantee certificates (the "New Profit Guarantee Certificates") to the Company, certifying the actual profit of the Company and the New Companies for the three years ended 30 June 2011. As stated in the New Profit Guarantee Certificates, the New Guaranteed Profit is approximately HK$345,949,000 and the actual profit of the Company for the three years ended 30 June 2011 are approximately HK$26,118,000, HK$158,646,000 and HK$204,380,000 respectively. Hence, the New Guaranteed Profit has been fulfilled.

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.

AUDITOR

The consolidated financial statements of the Group for the year ended 30 June 2010 were audited by Grant Thornton ("GTHK"), now known as JBPB & Co. Due to a merger of their practices of GTHK with that of BDO Limited, GTHK resigned as auditor of the Group with effect from 2 December 2010. BDO Limited was appointed as the auditor of the Company by the shareholders of the Company at the extraordinary general meeting held on 31 January 2011. The consolidated financial statements of the Group for the years ended 30 June 2011 and 30 June 2012 were audited by BDO Limited. A resolution will be submitted to the AGM to re-appoint BDO Limited as auditor of the Company.

FOR AND ON BEHALF OF THE BOARD
Lee Wing Yin
Executive Director

Hong Kong
27 September 2012

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of Richfield Group Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Richfield Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 35 to 110, which comprise the consolidated and company statements of financial position as at 30 June 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
Au Yiu Kwan
Practising Certificate Number P05018

Hong Kong, 27 September 2012

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2012

	Notes	2012 HK$'000	2011 HK$'000
Continuing operations			
Revenue	6	**153,807**	485,304
Cost of sales		**(69,534)**	(203,677)
Gross profit		**84,273**	281,627
Other income	7	**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	9	**(891)**	(1)
Share of profit of associates	19	**–**	–
Share of profit of a jointly controlled entity	20	**–**	–
Profit before income tax	8	**29,850**	203,052
Income tax expense	10	**(5,631)**	(35,142)
Profit for the year from continuing operations		**24,219**	167,910
Discontinued operations			
Loss for the year from discontinued operations	11	**–**	(7)
Profit for the year attributable to owners of the Company	12	**24,219**	167,903
Earnings/(Loss) per share for profit/(loss) attributable to owners of the Company during the year	14		
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	17(a)	**138,347**	62,741
Interests in associates	19	**–**	–
Interests in a jointly controlled entity	20	**–**	–
Goodwill	21	**474,000**	474,000
Available-for-sale financial assets	22	**93,797**	106,918
Deposits		**–**	2,000
		706,144	645,659
Current assets			
Properties held for trading	23	**262,623**	70,437
Properties under development	24	**426,888**	381,150
Trade receivables	25	**24,860**	163,126
Prepayments, deposits and other receivables		**7,671**	34,943
Financial assets at fair value through profit or loss	26	**3,198**	3,480
Amounts due from associates	19	**68,059**	61,414
Amount due from a jointly controlled entity	20	**4,620**	–
Cash and cash equivalents	27	**617,416**	756,248
Restricted bank deposits	28	**95,000**	58,115
		1,510,335	1,528,913
Current liabilities			
Trade payables	29	**–**	39,740
Accrued expenses and other payables		**122,903**	143,715
Borrowings	30	**140,731**	–
Finance lease liabilities	31	**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	30	**234,000**	215,983
Finance lease liabilities	31	**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	32	**34,785**	34,785
Reserves	33	**1,660,288**	1,682,017
Total equity		**1,695,073**	1,716,802

Lee Wing Yin
Director

Ngan Man Ho
Director

STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	18	**–**	–
Property, plant and equipment	17(b)	**124**	410
Available-for-sale financial assets	22	**93,797**	106,918
		93,921	107,328
Current assets			
Prepayments, deposits and other receivables		**2,914**	3,795
Amounts due from subsidiaries	18	**876,883**	736,687
Financial assets at fair value through profit or loss	26	**3,198**	3,480
Cash and cash equivalents	27	**517,539**	662,211
		1,400,534	1,406,173
Current liabilities			
Accrued expenses and other payables		**100**	90
Amounts due to subsidiaries	18	**165,403**	139,071
		165,503	139,161
Net current assets		**1,235,031**	1,267,012
Net assets		**1,328,952**	1,374,340
EQUITY			
Share capital	32	**34,785**	34,785
Reserves	33	**1,294,167**	1,339,555
Total equity		**1,328,952**	1,374,340

Lee Wing Yin
Director

Ngan Man Ho
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	Notes	2012 HK$'000	2011 HK$'000
Cash flows from operating activities of continuing and discontinued operations			
Profit before income tax from continuing operations		**29,850**	203,052
Loss before income tax from discontinued operations		**–**	(7)
Adjustments for:			
Interest income	7	**(10,184)**	(2,810)
Dividend income	7	**(1,299)**	(476)
Gain on deemed disposal of a subsidiary	7	**(6)**	–
Gain on disposals of subsidiaries	35(b)	**–**	(3)
Depreciation	8	**6,945**	2,939
Net fair value loss/(gain) on financial assets at fair value through profit or loss	8	**282**	(288)
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	8	**3,877**	–
Loss on disposals of property, plant and equipment	8	**–**	2
Write-down of properties held for trading to its net realisable value	8	**6,637**	–
Equity-settled share-based payments	15	**–**	8,719
Interest expenses	9	**891**	1
Operating profit before working capital changes		**36,993**	211,129
Increase in properties held for trading		**(244,886)**	(32,987)
Increase in properties under development		**(45,738)**	(366,816)
Decrease/(Increase) in trade receivables		**138,266**	(60,681)
Decrease/(Increase) in prepayments, deposits and other receivables		**30,792**	(16,505)
(Decrease)/Increase in trade payables		**(1,040)**	39,740
(Decrease)/Increase in accrued expenses and other payables		**(18,756)**	46,369
Proceeds from disposals of financial assets at fair value through profit or loss		**–**	20,628
Purchases of financial assets at fair value through profit or loss		**–**	(20,124)
Cash used in operations		**(104,369)**	(179,247)
Interest received		**9,104**	2,810
Interest paid		**(891)**	(1)
Hong Kong profits tax paid		**(41,145)**	(14,989)
Net cash used in operating activities		**(137,301)**	(191,427)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	Notes	2012 HK$'000	2011 HK$'000
Cash flows from investing activities of continuing and discontinued operations			
Dividend received		**859**	476
Deposits paid		**–**	(1,942)
Decrease/(Increase) in short-term deposits with an original maturity of more than 3 months		**21,008**	(125,112)
(Increase)/Decrease in restricted bank deposits		**(36,885)**	6,132
Purchases of property, plant and equipment		**(81,130)**	(36,944)
Purchases of available-for-sale financial assets		**(26,721)**	(32,981)
Net cash inflow arising from disposals of subsidiaries	35(b)	**–**	15
Proceeds from disposals of property, plant and equipment		**–**	2
Advances to associates		**(6,645)**	(18,547)
Repayment from a jointly controlled entity		**693**	–
Net cash used in investing activities		**(128,821)**	(208,901)
Cash flows from financing activities of continuing and discontinued operations			
Proceeds from issue of shares		**–**	584,171
Proceeds from borrowings		**159,517**	215,983
Repayment of borrowings		**(769)**	–
Capital element of finance lease liabilities paid		**(467)**	(143)
Dividends paid	13(b)	**(9,983)**	–
Net cash generated from financing activities		**148,298**	800,011
Net (decrease)/increase in cash and cash equivalents		**(117,824)**	399,683
Cash and cash equivalents at beginning of year		**631,136**	231,453
Cash and cash equivalents at end of year		**513,312**	631,136
Analysis of balances of cash and cash equivalents	27		
Cash and bank balances		**225,574**	279,359
Short-term deposits		**287,738**	351,777
		513,312	631,136

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 32)	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 13(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 13(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 13(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

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 issued shares have been listed on 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. Details of its subsidiaries (together with the Company referred to as the "Group") are set out in note 18. 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. Details of Cosmo and its related deemed disposal are set out in notes 20 and 35(a).

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. Details of the disposals of the subsidiaries are set out in notes 11 and 35(b). This business segment has been presented as discontinued operations (the "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 on pages 35 to 110 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.

2. ADOPTION OF NEW OR AMENDED HKFRSs *(cont'd)*

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain 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.

2. ADOPTION OF NEW OR AMENDED HKFRSs *(cont'd)*

HKFRS 9 – FINANCIAL INSTRUMENTS *(cont'd)*

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.

2. ADOPTION OF NEW OR AMENDED HKFRSs *(cont'd)*

HKFRS 12 – DISCLOSURES OF INTERESTS IN OTHER ENTITIES

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

HKFRS 13 – FAIR VALUE MEASUREMENT

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all years presented, unless otherwise stated.

The consolidated financial statements have been prepared under historical cost convention, except for financial assets at fair value through profit or loss and available-for-sale financial assets, which are measured at fair value. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June each year.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

3.3 SUBSIDIARIES

Subsidiaries are entities (including special purpose entities) over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In consolidated financial statements, acquisition of subsidiaries (other than those under common control) is accounted for by applying the acquisition method. This involves the estimation of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

3.4 ASSOCIATES

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% and 50% of voting rights but which are neither subsidiaries nor investment in joint venture.

In consolidated financial statements, investments in associates are initially recognised at cost and subsequently accounted for using equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associates recognised at the date of acquisition is recognised as goodwill. Goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.4 ASSOCIATES *(cont'd)*

Under the equity method, the Group's interests in associates are carried at cost and adjusted for the post-acquisition changes in the Group's shares of the associates' net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Profit or loss for the period includes the Group's share of the post-acquisition, post-tax results of the associate for the year, including any impairment loss on the investment in associate recognised for the year.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interests in associates. Where unrealised losses on assets sales between the Group and its associates are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where associates use accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate's accounting policies to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in an associate equals or exceeds its interest in associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in associates is the carrying amount of the investment under equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. At each reporting date, the Group determines whether there is any objective evidence that the investment in associate is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (higher of value-in-use and fair value less costs to sell) of the associate and its carrying amount. In determining the value-in-use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by associates, including cash flows arising from the operations of associates and the proceeds on ultimate disposal of the investment.

3.5 JOINT VENTURE

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

In consolidated financial statements, investments in jointly controlled entities are initially recognised at cost and subsequently accounted for using equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly controlled entities recognised at the date of acquisition is recognised as goodwill. Goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of the jointly controlled entities' profit or loss in the period in which the investment is acquired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.5 JOINT VENTURE *(cont'd)*

Under equity method, they are initially recognised at cost and thereafter, their carrying amounts are adjusted for the Group's share of the post-acquisition change in the jointly controlled entities' net assets except that losses in excess of the Group's interest in the jointly controlled entities are not recognised unless there is an obligation to make good those losses.

Unrealised profits and losses resulting from transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are immediately recognised in profit or loss.

3.6 GOODWILL

Set out below are the accounting policies on goodwill arising on acquisition of a subsidiary. Accounting for goodwill arising on acquisition of investments in associates and jointly controlled entities is set out in notes 3.4 and 3.5 respectively.

Goodwill arising in a business combination is measured as the excess of the sum of fair value of consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net fair value of the acquisition-date identifiable assets acquired and the liabilities assumed.

Goodwill is stated at cost less impairment losses. Goodwill is allocated to cash-generating units ("CGUs") and is tested annually for impairment.

If the consideration transferred and the amount recognised for non-controlling interests is less than the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.7 FOREIGN CURRENCY TRANSLATION

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the reporting date are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK$. Assets and liabilities have been translated into HK$ at the closing rates at the reporting date. Income and expenses have been converted into HK$ at the exchange rates ruling at the transaction dates or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

3.8 PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is provided to write off the cost less their estimated residual values over their estimated useful lives, using straight-line method at the following rates per annum:

Leasehold properties	Over the lease terms
Furniture, fixtures and equipment	20% to 30%
Motor vehicles	20%
Leasehold improvements	20% or over the lease terms, whichever is shorter

The assets' estimated residual values, if any, depreciation methods and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill, property, plant and equipment and interests in subsidiaries, associates and a jointly controlled entity are subject to impairment testing.

Goodwill arising from business combinations is tested for impairment at least annually, irrespective of whether there is any indication that it is impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Goodwill in particular is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

Impairment losses recognised for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value-in-use, if determinable.

An impairment loss on goodwill arising from business combinations is not reversed in subsequent periods including impairment losses recognised in an interim period. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.10 OPERATING LEASES

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Assets acquired under finance leases

Where the Group acquires the right to use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments of such assets, are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as finance lease liabilities.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(ii) Operating lease charges as the lessee

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on straight-line method over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

(iii) Assets leased out under operating leases as the lessor

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Rental income receivable from operating leases is recognised in profit or loss on straight-line method over the periods covered by the lease term, except where an alternative basis is more representative of the time pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.11 PROPERTIES HELD FOR TRADING

Properties held for trading are carried at the lower of cost and net realisable value. Cost comprises all costs of purchase. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

3.12 PROPERTIES UNDER DEVELOPMENT

Properties under development for future sale in the ordinary course of business are carried at the lower of cost and net realisable value. Cost comprises the acquisition cost of land and/or properties, development expenditure, other direct expenses and capitalised borrowing costs. Net realisable value represents the estimated selling price less estimated cost of completion and applicable selling expenses.

3.13 FINANCIAL ASSETS

The Group's financial assets are classified into loans and receivables, financial assets at fair value through profit or loss and available-for-sale financial assets.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date, that is, the date that the Group commits to purchase or sell the asset. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured at amortised cost using effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are mainly financial assets held for trading and they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.13 FINANCIAL ASSETS *(cont'd)*

(ii) Financial assets at fair value through profit or loss *(cont'd)*

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

– the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or

– the assets are part of a group of financial assets which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel; or

– the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised in accordance with the Group's policies in note 3.19.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised in other comprehensive income and accumulated separately in the revaluation reserve in equity, except for impairment losses and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Interest calculated using effective interest method is recognised in profit or loss.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.13 FINANCIAL ASSETS *(cont'd)*

Impairment of financial assets

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

(i) *Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

(ii) *Available-for-sale financial assets*

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and accumulated in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in profit or loss as an impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.13 FINANCIAL ASSETS *(cont'd)*

Impairment of financial assets *(cont'd)*

(ii) Available-for-sale financial assets (cont'd)

Reversals in respect of investment in equity instruments classified as available-for-sale and stated at fair value are not recognised in profit or loss. The subsequent increase in fair value is recognised directly in other comprehensive income. Impairment losses in respect of debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversal of impairment losses in such circumstances are recognised in profit or loss.

(iii) Financial assets carried at cost

The amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Financial assets other than financial assets at fair value through profit or loss and trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

Impairment losses recognised in an interim period in respect of available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of an annual period, or in a subsequent period, the increase is recognised in other comprehensive income.

3.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Money received from developers of property assembly projects for the purpose of initial deposit payments to property owners and money received on behalf of the developers in respect of rental income and rental deposits are placed in designated bank account and the Group restricts the use of these bank accounts to initial deposit payments and refund to the developers only. The balances in these bank accounts do not form part of the Group's cash management and therefore are excluded from the Group's cash and cash equivalent balances.

For the purpose of statement of cash flows presentation, cash and cash equivalents include demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value and form an integral part of the Group's cash management.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.15 FINANCIAL LIABILITIES

The Group's financial liabilities include trade and other payables, borrowings and finance lease liabilities.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument and are derecognised when the obligations under the liability are discharged, cancelled or expires. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

(i) Trade and other payables and borrowings

These are recognised initially at fair value and subsequently measured at amortised cost, using effective interest method.

(ii) Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see note 3.10(i)).

3.16 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.17 SHARE CAPITAL

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium to the extent they are incremental costs directly attributable to the equity transaction.

3.18 BORROWING COSTS

Borrowing costs incurred for the acquisition, construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed.

3.19 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, rendering of services and the use by others of the Group's assets yielding interest, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Commission income is recognised in the accounting period in which the services are rendered and the Group's entitlement to commission income becomes unconditional or irrevocable;

Trading of property is recognised upon the signing of the sale and purchase agreement;

Interest income is recognised on time-proportion basis using effective interest method;

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the accounting periods covered by the lease terms. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivables;

Renovation service income and lease management services income are recognised when the services are rendered; and

Dividend income is recognised when the right to receive payment is established.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.20 INCOME TAX

Income taxes for the year comprise current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit and loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.20 INCOME TAX *(cont'd)*

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entities; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.21 RETIREMENT BENEFIT COSTS AND SHORT TERM EMPLOYEE BENEFITS

(i) Deferred contribution retirement plan

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong.

Contributions are made based on a percentage of the employees' basic salaries and are recognised in profit or loss as employees render services during the year. Assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

(ii) Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employee up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.22 SHARE-BASED EMPLOYEE COMPENSATION

The Group operates equity-settled share-based compensation plans for remuneration of its employees, directors, consultants, advisors, suppliers or customers of the Company and its subsidiaries.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the equity instruments awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in share-based payment reserve in equity. If vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates.

At the time when the share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. After vesting date, when the vested share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to retained profits.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.23 SEGMENT REPORTING

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The Group has identified the following reportable segments:

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

Each of these operating segments is managed separately as each of the product and service line requires different resources as well as marketing approaches. All inter-segment transfers are priced with reference to prices charged to external parties for similar orders.

The measurement policies the Group used for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that renovation service income, net fair value changes on financial assets at fair value through profit or loss, reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets, dividend income, income tax expense and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but investments in financial assets. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

No asymmetrical allocations have been applied to reportable segments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.24 RELATED PARTIES

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.25 FINANCIAL GUARANTEE CONTRACT

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of a guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised as investment in subsidiaries on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantee issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount, where appropriate.

3.26 DISCONTINUED OPERATIONS

A discontinued operation is a clearly distinguishable component of the Group's business that has been disposed of or is classified as held for sale, which represents a separate major line of business or geographical area of operations of the Group.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4.1 ESTIMATED IMPAIRMENT OF GOODWILL

The Group tests goodwill arising from business combinations annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 3.9. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require estimations of the value-in-use of the CGUs to which the goodwill is allocated. If the actual growth rate had been lower or the pre-tax discounted rate higher than management's estimates, the Group may make the impairment losses that arose on goodwill.

4.2 NET REALISABLE VALUE OF PROPERTIES HELD FOR TRADING AND PROPERTIES UNDER DEVELOPMENT

Net realisable value of properties held for trading and properties under development is the estimated selling price in the ordinary course of business, less selling expenses and estimated cost of completion. These estimates are based on the current market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. Management reassesses these estimations at the reporting date to ensure properties held for trading and properties under development are accounted for at the lower of cost and net realisable value.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(cont'd)*

4.3 IMPAIRMENT OF RECEIVABLES

The impairment loss on receivables of the Group is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

4.4 IMPAIRMENT OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

The impairment loss on available-for-sale financial assets is established when there is objective evidence. The directors of the Company review available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value of an investment in an equity instrument below their cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the directors evaluate, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

4.5 TAXATION

The Group is subject to income taxes in Hong Kong. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such final tax liabilities determination is made.

5. SEGMENT INFORMATION

The executive directors have identified the Group's two product and service lines as operating segments as further described in note 3.23. 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 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000	**2012 HK$'000**	2011 HK$'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

5. SEGMENT INFORMATION *(cont'd)*

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 HK$'000	2011 HK$'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.

5. SEGMENT INFORMATION *(cont'd)*

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.

6. 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

7. 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 (note 35(a))	**6**	–
Exchange gains, net	**1,208**	1,824
Sundry income	**1,076**	358
	16,098	8,073

8. 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 (note 16(a))	**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**	–

9. 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 (note 24)*	**(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).

10. 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.

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

	2012 HK$'000	2011 HK$'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 HK$'000	2011 HK$'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

(b) Details of deferred taxation of the Group are set out in note 34.

11. 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.

An analysis of the results and cashflows of Discontinued Operations included in the consolidated income statement and the statement of cash flows is as follows:

	Discontinued Operations	
	2012	2011
	HK$'000	HK$'000
Revenue	**–**	–
Administrative expenses	**–**	(10)
Loss before income tax	**–**	(10)
Income tax expense	**–**	–
	–	(10)
Gain on disposals of subsidiaries (note 35(b))	**–**	3
Loss for the year from discontinued operations	**–**	(7)
Net cash used in operating activities and net cash outflows	**–**	(5)

12. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Of the consolidated profit attributable to owners of the Company of HK$24,219,000 (2011: HK$167,903,000), a profit of HK$560,000 (2011: a loss of HK$11,863,000) has been dealt with in the financial statements of the Company.

13. DIVIDENDS

(a) Dividend attributable to the year:

	2012 HK$'000	2011 HK$'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**	–

14. 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.

15. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2012 HK$'000	2011 HK$'000
Continuing operations		
Salaries, allowances and benefits in kind	**71,436**	166,231
Equity-settled share-based payments	**–**	8,719
Pension costs – defined contribution plans	**1,819**	1,797
	73,255	176,747

16. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) DIRECTORS' EMOLUMENTS

The emoluments paid/payable to the directors were as follows:

	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Equity-settled share-based payments HK$'000	Pension costs – defined contribution plans HK$'000	Total HK$'000
Year ended 30 June 2012						
Executive directors						
Mr. Lee Wing Yin		**828**	**–**	**–**	**12**	**840**
Mr. Ngan Man Ho	(i)	**467**	**–**	**–**	**7**	**474**
Mr. Pong Wai San Wilson	(ii)	**–**	**–**	**–**	**–**	**–**
Non-executive directors						
Mr. Lai Hin Wing Henry	(i)	**–**	**–**	**–**	**–**	**–**
Mr. Li Chi Chung	(ii)	**–**	**–**	**–**	**–**	**–**
Independent non-executive directors						
Mr. Koo Fook Sun Louis		**100**	**–**	**–**	**–**	**100**
Mr. Lai Hin Wing Henry	(ii)	**100**	**–**	**–**	**–**	**100**
Mr. Lung Hung Cheuk		**100**	**–**	**–**	**–**	**100**
Ms. Yeung Wing Yan Wendy	(i)	**–**	**–**	**–**	**–**	**–**
		1,595	**–**	**–**	**19**	**1,614**
Year ended 30 June 2011						
Executive directors						
Mr. Lee Wing Yin		735	–	624	12	1,371
Mr. Pong Wai San Wilson	(ii)	–	–	2,798	–	2,798
Non-executive director						
Mr. Li Chi Chung	(ii)	–	–	625	–	625
Independent non-executive directors						
Mr. Koo Fook Sun Louis		50	–	624	–	674
Mr. Lai Hin Wing Henry	(ii)	50	–	625	–	675
Mr. Lung Hung Cheuk		50	–	625	–	675
		885	–	5,921	12	6,818

Notes:

(i) Appointed on 12 December 2011

(ii) Resigned on 12 December 2011

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2011: Nil).

16. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS *(cont'd)*

(b) FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals whose emoluments were the highest in the Group for the year ended 30 June 2012, none (2011: none) is director whose emoluments are reflected in the analysis presented above. The emoluments paid/payable to the five (2011: five) individuals for the years ended 30 June 2012 and 2011 are as follows:

	2012 HK$'000	2011 HK$'000
Salaries, allowances and benefits in kind	**23,640**	50,602
Equity-settled share-based payments	**–**	2,798
Pension costs – defined contribution plans	**50**	48
	23,690	53,448

Their emoluments fell within the following bands:

	Number of individuals	
	2012	2011
Emolument bands		
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**2**	–
HK$4,500,001 to HK$5,000,000	**–**	1
HK$5,000,001 to HK$5,500,000	**–**	1
HK$6,500,001 to HK$7,000,000	**1**	–
HK$7,500,001 to HK$8,000,000	**–**	1
HK$10,500,001 to HK$11,000,000	**1**	–
HK$12,000,001 to HK$12,500,000	**–**	1
HK$23,000,001 to HK$23,500,000	**–**	1

During the years ended 30 June 2012 and 2011, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office.

There was no arrangement under which any of the five highest paid employees waived or agreed to waive any remuneration during the year (2011: Nil).

17. PROPERTY, PLANT AND EQUIPMENT

(a) GROUP

	Leasehold properties HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
At 1 July 2010					
Cost	24,487	3,848	–	2,318	30,653
Accumulated depreciation	(391)	(1,557)	–	(555)	(2,503)
Net carrying amount	24,096	2,291	–	1,763	28,150
Year ended 30 June 2011					
Opening net book amount	24,096	2,291	–	1,763	28,150
Additions	34,062	1,283	658	1,543	37,546
Disposals	–	(4)	–	–	(4)
Disposals of subsidiaries	–	(12)	–	–	(12)
Depreciation	(671)	(1,183)	(88)	(997)	(2,939)
Closing net book amount	57,487	2,375	570	2,309	62,741
At 30 June 2011 and 1 July 2011					
Cost	58,549	5,075	658	3,861	68,143
Accumulated depreciation	(1,062)	(2,700)	(88)	(1,552)	(5,402)
Net carrying amount	57,487	2,375	570	2,309	62,741
Year ended 30 June 2012					
Opening net book amount	**57,487**	**2,375**	**570**	**2,309**	**62,741**
Additions	**71,267**	**4,344**	**3,060**	**3,880**	**82,551**
Depreciation	**(3,000)**	**(1,885)**	**(234)**	**(1,826)**	**(6,945)**
Closing net book amount	**125,754**	**4,834**	**3,396**	**4,363**	**138,347**
At 30 June 2012					
Cost	**129,816**	**9,419**	**3,718**	**7,741**	**150,694**
Accumulated depreciation	**(4,062)**	**(4,585)**	**(322)**	**(3,378)**	**(12,347)**
Net carrying amount	**125,754**	**4,834**	**3,396**	**4,363**	**138,347**

Leasehold properties are held on medium lease and located in Hong Kong.

As at 30 June 2012, the Group's leasehold properties with net carrying amount of HK$103,000,000 (2011: Nil) were pledged to secure bank loans of HK$47,020,000 (2011: Nil) granted to the Group (note 30).

Furniture, fixtures and equipment with net carrying amount of HK$1,866,000 (2011: HK$912,000) are held under finance leases (note 31).

17. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

(b) COMPANY

	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Total HK$'000
At 1 July 2010			
Cost	687	135	822
Accumulated depreciation	(134)	(26)	(160)
Net carrying amount	553	109	662
Year ended 30 June 2011			
Opening net book amount	553	109	662
Additions	–	22	22
Depreciation	(229)	(45)	(274)
Closing net book amount	324	86	410
At 30 June 2011 and 1 July 2011			
Cost	687	157	844
Accumulated depreciation	(363)	(71)	(434)
Net carrying amount	324	86	410
Year ended 30 June 2012			
Opening net book amount	**324**	**86**	**410**
Depreciation	**(229)**	**(57)**	**(286)**
Closing net book amount	**95**	**29**	**124**
At 30 June 2012			
Cost	**687**	**157**	**844**
Accumulated depreciation	**(592)**	**(128)**	**(720)**
Net carrying amount	**95**	**29**	**124**

18. INTERESTS IN SUBSIDIARIES AND DUE FROM/(TO) SUBSIDIARIES – COMPANY

	2012 HK$'000	2011 HK$'000
Non-current		
Unlisted investments, at cost	**–**	–
Current		
Due from subsidiaries	**876,883**	736,687
Due to subsidiaries	**165,403**	139,071

Amounts due are unsecured, interest-free and repayable on demand.

18. INTERESTS IN SUBSIDIARIES AND DUE FROM/(TO) SUBSIDIARIES – COMPANY *(cont'd)*

The directors of the Company are of the opinion that a complete list of the particulars of all the subsidiaries is of excessive length and therefore the following list contains only the particulars of the subsidiaries which materially affect the results or assets of the Group. Details of principal subsidiaries as at 30 June 2012 are as follows:

Name of subsidiaries	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company Directly	Indirectly	Principal activities
Vastwood Ltd.	The British Virgin Islands (the "BVI")	Ordinary, United States Dollars ("US$")1	100	–	Investment holding
A-Join Property Agency Limited	Hong Kong ("HK")	Ordinary, HK$1	–	100	Property agency
Richfull Consultants Limited	HK	Ordinary, HK$1	–	100	Consultancy services
Richfield Realty Limited ("Richfield Realty")	HK	Ordinary, HK$1	–	100	Property agency and site assembly
World Fair Global Limited	The BVI	Ordinary, US$1	100	–	Investment holding
Maison Investment Development Ltd.	The BVI	Ordinary, US$1	–	100	Property holding
Merchant Haven Limited*	The BVI	Ordinary, US$1	–	100	Property holding
Mutual Wave Limited	HK	Ordinary, HK$1	–	100	Property holding
Sentiment Great Limited	The BVI	Ordinary, US$1	–	100	Property holding
Central Fly Limited*	The BVI	Ordinary, US$1	–	100	Property holding
Wo Ming Limited	The BVI	Ordinary, US$1	–	100	Property holding
Brilliant Icon Limited	The BVI	Ordinary, US$1	–	100	Property holding
Glory Peak Holdings Limited	The BVI	Ordinary, US$1	–	100	Property holding
Prosper Day Limited	The BVI	Ordinary, US$1	–	100	Property holding

18. INTERESTS IN SUBSIDIARIES AND DUE FROM/(TO) SUBSIDIARIES – COMPANY *(cont'd)*

Name of subsidiaries	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company Directly	Percentage of equity attributable to the Company Indirectly	Principal activities
High Bond Limited	The BVI	Ordinary, US$1	–	100	Property development
Macro Win Limited	The BVI	Ordinary, US$1	–	100	Property development
Wofeng Holding Limited	The BVI	Ordinary, US$1	–	100	Property development

* These subsidiaries were incorporated during the year ended 30 June 2012.

19. INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM ASSOCIATES – GROUP

	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.

19. INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM ASSOCIATES – GROUP *(cont'd)*

Particulars of associates as at 30 June 2012 are as follows:

Name of associates	Particular of issued and paid up shares	Place of incorporation and operations	Form of business structure	Percentage of interest held by the Group	Principal activities
Apex Plan Limited (note a)	10 ordinary shares of US$1 each	The BVI	Incorporated	30%	Investment holding
Everhost Limited (note a)	1 ordinary share of HK$1	HK	Incorporated	30%	Property development
Gora Holdings Limited (note a)	1 ordinary share of US$1	The BVI	Incorporated	30%	Investment holding
Joint Channel Limited (note a)	1 ordinary share of HK$1	HK	Incorporated	30%	Property development
Corporate Icon Limited (note b)	5 ordinary shares of US$1 each	The BVI	Incorporated	20%	Property holding

Notes:

(a) These associates adopt their financial year end dates on 31 December.

(b) This associate was incorporated during the year and adopts its financial year end date on 30 June.

The aggregated amounts of financial information as extracted from the financial statements of associates for the year ended 30 June 2012 are as follows:

	2012 HK$'000	2011 HK$'000
Assets	**478,271**	425,426
Liabilities	**490,750**	436,234
Revenue	**1,670**	443
Loss	**1,671**	10,811

19. INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM ASSOCIATES – GROUP *(cont'd)*

The Group has discontinued the recognition of its share of losses of the associates because the share of losses of these associates had exceeded the Group's interests in them. The amounts of unrecognised share of those associates, extracted from the financial statements of associates, both for the year and cumulatively, are as follows:

	2012 HK$'000	2011 HK$'000
Unrecognised share of losses of associates for the year	**495**	3,243
Accumulated unrecognised share of losses of associates	**3,738**	3,243

20. INTERESTS IN A JOINTLY CONTROLLED ENTITY AND AMOUNT DUE FROM A JOINTLY CONTROLLED ENTITY – GROUP

	2012 HK$'000	2011 HK$'000
Non-current		
Share of net assets	**–**	–
Current		
Due from a jointly controlled entity	**4,620**	–

As at 30 June 2012, amount due from a jointly controlled entity is unsecured, interest-free and repayable on demand.

Cosmo was originally a wholly-owned subsidiary of the Company, with issued and paid-up capital of US$1 each. On 16 September 2011, the Group entered into a shareholder agreement with the JV Partner, pursuant to which the JV Partner subscribed 9 shares of US$1 each of Cosmo at par. As a consequence, the Group's interest in Cosmo was diluted from 100% to 10%. Gain on deemed disposal of Cosmo amounting to HK$6,000 was recognised in the consolidated income statement for the year ended 30 June 2012, details of which are set out in note 35(a). Since then, Cosmo is classified as a jointly controlled entity as the strategic financial and operating decisions relating to its activities require the unanimous consent of the Group and the JV Partner, pursuant to the shareholder agreement.

Particulars of the jointly controlled entity as at 30 June 2012 are as follows:

Name of a jointly controlled entity	**Particular of issued and paid up shares**	**Place of incorporation and operations**	**Form of business structure**	**Percentage of interest held by the Group**	**Principal activities**
Cosmo	10 ordinary shares of US$1 each	The BVI	Incorporated	10%*	Property holding

* According to a shareholder agreement, the Group shall share 50% of the dividend declared by Cosmo.

20. INTERESTS IN A JOINTLY CONTROLLED ENTITY AND AMOUNT DUE FROM A JOINTLY CONTROLLED ENTITY – GROUP *(cont'd)*

The aggregated amounts of financial information on Cosmo's financial statements are as follows – Group's effective interest:

	2012 **HK$'000**	2011 HK$'000
Assets	**4,371**	–
Liabilities	**4,609**	–
Revenue	**–**	–
Loss	**238**	–

The Group has discontinued the recognition of its share of losses of Cosmo amounting to HK$238,000 during the year because the share of losses of Cosmo had exceeded the Group's interests in it.

21. GOODWILL – GROUP

Goodwill arose from the acquisition of Richfield Realty in 2007 (the "Acquisition"). 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 (the "Circular").

As described in the Circular, the purchase consideration was contingent on the results of Richfield Realty where its guarantee profit for the year ended 28 May 2008 should be no less than HK$150,000,000 (the "Original Guarantee Profit"). When the results of Richfield Realty for the period from 29 May 2007 to 28 May 2008 (the "Actual Profit") were less than the Original Guarantee Profit, the vendor, who subsequently became a shareholder of the Company upon conversion of convertible bonds, should compensate an amount, which was equivalent to 3.98 times of the difference between the Original Guarantee Profit and the Actual Profit, to the Group.

Pursuant to the agreement dated 12 June 2008 and another supplemental settlement agreement dated 17 July 2008 entered into between this shareholder and the Group (the "Settlement Agreement") and pursuant to the resolution for the approval of the Settlement Agreement by the independent shareholders in the extraordinary general meeting held on 25 August 2008, the repayment for the amount due from this shareholder was compensated by a new guarantee profit of Richfield Realty, under which this shareholder has irrevocably warranted and guaranteed to the Group the revised guarantee profit of Richfield Realty for the 36-month period commencing from 1 July 2008 is no less than HK$345,949,000 (the "Revised Guarantee Profit").

21. GOODWILL – GROUP *(cont'd)*

As the fair value of the purchase consideration was restated as HK$477,000,000 for the period from 1 April 2008 to 30 June 2009, goodwill arising from the Acquisition was thus HK$474,000,000 calculated as follows:

	HK$'000
Fair value of revised purchase consideration	477,000
Fair value of net assets acquired	(3,000)
Goodwill	474,000

Pursuant to the second supplement agreement to the Settlement Agreement dated 25 August 2010 entered into between this shareholder and the Group, the Revised Guaranteed Profit include the profits of Richfield Realty and certain new wholly-owned subsidiaries within the Group (the "New Subsidiaries"). The New Subsidiaries are set up to take over some of the operation functions previously undertaken by Richfield Realty pursuant to an internal restructuring of the Group, details of which are set out in the Company's announcement dated 25 August 2010.

The actual profit of Richfield Realty and the New Subsidiaries for the 36-month period commencing from 1 July 2008 has already achieved the Revised Guarantee Profit on 30 June 2011.

The recoverable amounts of the CGU engaged in the Property Assembly and Brokerage Business were determined based on value-in-use calculations, using cash flow projections based on financial budgets covering a five-year period approved by management and valued by the independent professional valuers. For the year ended 30 June 2012, the cash flows beyond the five-year period (2011: five-year period) were extrapolated using an average growth rate of 2% (2011: 2%). The growth rates reflected the long-term average growth rates of this CGU. The discount rate applied to cash flow calculation was 9% (2011: 12%).

Management's key assumptions include stable profit margins, which are determined based on past performance and its expectations for market share after taking into consideration of published market forecast and research. Management believes that this is the best available input for forecasting the property market. The growth rates used are generally consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Apart from the considerations described above in determining the value-in-use of the CGUs, the Group's management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS – GROUP AND COMPANY

	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

Listed equity securities, listed debts investments and unlisted investment funds with carrying amounts of HK$37,737,000 (2011: HK$76,700,000), HK$24,545,000 (2011: Nil) and HK$21,699,000 (2011: HK$22,417,000) respectively are stated at fair value. The fair values have been determined directly by reference to published price and quotations in active markets.

Unlisted investment funds with a carrying amount of HK$9,816,000 (2011: HK$7,801,000) are measured at cost less impairment losses as the variability in the range of reasonable fair value estimates is significant and the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value. The directors of the Company are of the opinion that the fair value cannot be measured reliably.

As at 30 June 2012, available-for-sale financial assets were individually determined to be impaired on the basis of a material decline in their fair value below cost which indicated that the investment costs may not be recovered. During the year, an impairment loss of HK$3,877,000 (2011: Nil) on these investments was recognised in profit or loss in accordance with the policy set out in note 3.13. As at 30 June 2012, the fair value of individual impaired available-for-sale equity securities was HK$3,759,000 (2011: Nil).

23. PROPERTIES HELD FOR TRADING – GROUP

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 (note 30).

24. PROPERTIES UNDER DEVELOPMENT – GROUP

	2012 HK$'000	2011 HK$'000
At cost:		
At the beginning of the year	**381,150**	14,334
Additions	**41,288**	364,058
Interest capitalised (note 9)	**4,450**	2,758
At the end of the year	**426,888**	381,150

All properties under development are held on medium lease and located in Hong Kong.

As at 30 June 2012, the Group's properties under development with carrying amounts of HK$426,888,000 (2011: HK$381,150,000) were pledged to secure bank loans of HK$234,000,000 (2011: HK$215,983,000) granted to the Group (note 30).

25. TRADE RECEIVABLES – GROUP

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 HK$'000	2011 HK$'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

As at 30 June 2012, there was no amount denominated in a currency other than the functional currency of the entity to which they relate (2011: Nil).

Receivables that were neither past due nor impaired were due from the reputable customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

The directors of the Company consider that the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – GROUP AND COMPANY

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.

27. CASH AND CASH EQUIVALENTS – GROUP AND COMPANY

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**225,574**	279,359	**166,380**	185,922
Short-term deposits	**391,842**	476,889	**351,159**	476,289
Cash and cash equivalents as stated in the statement of financial position	**617,416**	756,248	**517,539**	662,211
Short-term deposits with an original maturity of more than three months	**(104,104)**	(125,112)	**(104,104)**	(125,112)
Cash and cash equivalents for the presentation of the statement of cash flows	**513,312**	631,136	**413,435**	537,099

Cash at banks earn interest at rates up to 0.4% (2011: 0.1%) per annum based on the daily bank deposits rates. Short-term deposits earn interest at rates of 0.01% to 3.55% (2011: 0.95% to 1.4%) per annum and are eligible for immediate cancellation without receiving any interest for the last deposit period.

Included in cash and cash equivalents of the Group is an aggregate amount of HK$104,298,000 (2011: HK$125,112,000) of bank balances denominated in Renminbi ("RMB") placed with the banks in Hong Kong. RMB is not a freely convertible currency.

The directors of the Company consider that the fair values of short-term deposits are not materially different from their carrying amounts because of the short maturity period on their inception.

28. RESTRICTED BANK DEPOSITS – GROUP

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.

29. TRADE PAYABLES – GROUP

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

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

30. BORROWINGS – GROUP

	2012 HK$'000	2011 HK$'000
Current		
Bank loans, secured		
– Portion due for repayment within one year	**4,709**	–
– Portion due for repayment after one year which contain a repayment on demand clause	**136,022**	–
	140,731	–
Non-current		
Bank loans, secured	**234,000**	215,983
	374,731	215,983

30. BORROWINGS – GROUP *(cont'd)*

As at the reporting dates, the Group's bank loans, based on the schedule repayment dates set out in the bank loan agreements and ignored the effect of any repayment on demand clause, are as follows:

	2012 HK$'000	2011 HK$'000
Within one year or on demand	**4,709**	–
In the second year	**5,226**	–
In the third to fifth years, inclusive	**289,954**	215,983
Beyond five years	**74,842**	–
	374,731	215,983

The interest-bearing borrowings were secured by guarantees by Mr. Au Wing Wah, a substantial shareholder of the Company (solely for the bank borrowings of HK$47,020,000 (2011: Nil)), and the pledge of certain properties under property, plant and equipment (note 17(a)), properties held for trading (note 23) and properties under development (note 24) with net carrying amounts of HK$103,000,000, HK$190,000,000 and HK$426,888,000 (2011: Nil, Nil and HK$381,150,000) respectively as at 30 June 2012.

The effective interest rates of the Group's borrowings ranged from 1.95% to 2.80% (2011: 1.89% to 1.95%) per annum.

31. FINANCE LEASE LIABILITIES – GROUP

	2012 HK$'000	2011 HK$'000
Total minimum lease payments:		
Due within one year	**467**	203
Due in the second to fifth years	**1,399**	709
	1,866	912
Future finance charges on finance leases	**–**	–
Present value of finance lease liabilities	**1,866**	912

	2012 HK$'000	2011 HK$'000
Present value of minimum lease payments:		
Due within one year under current liabilities	**467**	203
Due in the second to fifth years under non-current liabilities	**1,399**	709
	1,866	912

The Group has entered into finance leases for certain office equipment. The lease period is for 5 years. At the end of the lease term, the Group has the option to purchase the leased equipment at a price that is expected to be sufficiently lower than the fair value of the leased asset at the end of the lease. None of the leases included contingent rentals.

Finance lease liabilities are effectively secured by the underlying assets (note 17(a)) as the rights to the leased asset will be reverted to the lessor in the event of default of repayment by the Group.

The carrying amounts of finance lease liabilities are denominated in HK$ and approximate their fair values.

32. SHARE CAPITAL

	2012 Number of shares '000	2012 HK$'000	2011 Number of shares '000	2011 HK$'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.

33. RESERVES

GROUP

The amounts of the Group's reserves and the movements therein during the year are presented in the consolidated statement of changes in equity on page 41 of the financial statements.

COMPANY

	Share premium account HK$'000	Proposed final dividend HK$'000	Share-based payment reserve HK$'000	Revaluation reserve HK$'000	Retained profits/ (Accumulated losses) HK$'000	Total HK$'000
At 1 July 2010	716,054	–	–	84,224	6,117	806,395
Issue of shares (note 32)	599,500	–	–	–	–	599,500
Share issued expenses	(20,829)	–	–	–	–	(20,829)
Equity-settled share-based payments	–	–	8,719	–	–	8,719
Transactions with owners	578,671	–	8,719	–	–	587,390
Loss for the year	–	–	–	–	(11,863)	(11,863)
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)	(11,863)	(54,230)
Proposed 2011 final dividend (note 13(a))	(9,983)	9,983	–	–	–	–
At 30 June 2011 and 1 July 2011	**1,284,742**	**9,983**	**8,719**	**41,857**	**(5,746)**	**1,339,555**
2011 final dividend paid (note 13(b))	**–**	**(9,983)**	**–**	**–**	**–**	**(9,983)**
Lapse of share options	**–**	**–**	**(625)**	**–**	**625**	**–**
Transactions with owners	**–**	**(9,983)**	**(625)**	**–**	**625**	**(9,983)**
Profit for the year	**–**	**–**	**–**	**–**	**560**	**560**
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)**	**560**	**(35,405)**
Proposed 2012 final dividend (note 13(a))	**(9,983)**	**9,983**	**–**	**–**	**–**	**–**
At 30 June 2012	**1,274,759**	**9,983**	**8,094**	**5,892**	**(4,561)**	**1,294,167**

Share premium account arises from the shares issued at a premium. Under the Companies Law of the Cayman Islands, share premium is available for distributions or paying dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the dividend distribution, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles of Association of the Company, with the sanction of an ordinary resolution, dividends can be declared and paid out of share premium.

34. DEFERRED TAX – GROUP

At the reporting date, the Group had unrecognised deferred tax assets and liabilities as follows:

	2012 HK$'000	2011 HK$'000
Taxation effect of temporary differences arising as a result of:		
Deferred tax assets:		
Tax losses available to set off against future assessable profits	**618**	636
Deferred tax liabilities:		
Excess of depreciation allowance claimed for tax purposes over depreciation charged in the financial statements	**574**	141

No provision for deferred taxation has been recognised in respect of the tax losses of HK$3,744,000 (2011: HK$3,855,000) as this has not yet been all agreed with the Inland Revenue Department and there is the unpredictability of future profit streams. The tax losses do not expire under current tax legislation.

35. DEEMED DISPOSAL/DISPOSALS OF SUBSIDIARIES

(a) As mentioned in notes 1 and 20, on 16 September 2011, 9 shares of US$1 each of Cosmo were issued at par to the JV Partner. As a consequence, the Group's interest in Cosmo was diluted from 100% to 10%. Net assets of Cosmo at the date of deemed disposal were as follows:

	HK$'000
Analysis of assets and liabilities at the date of deemed disposal:	
Properties held for trading	**46,063**
Trade payables	**(38,700)**
Other payables	**(2,056)**
Amount due to a shareholder	**(5,313)**
Net liabilities disposed of	**(6)**
Gain on deemed disposal of Cosmo:	
Fair value of interest retained in interest in Cosmo, as a jointly controlled entity	**–**
Net liabilities disposed of	**6**
Gain on deemed disposal	**6**

No cash flow arose on the deemed disposal of Cosmo.

35. DEEMED DISPOSAL/DISPOSALS OF SUBSIDIARIES *(cont'd)*

(b) As mentioned in notes 1 and 11, the Group's subsidiaries engaged in Discontinued Operations, namely Maxitech System and Trigreat Investment were sold for the year ended 30 June 2011. Particulars of the disposal transaction are as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	**(12)**
Cash and bank balances	**(15)**
	(27)
Total consideration	**30**
Gain on disposals of subsidiaries	**3**
Cash inflow on disposals:	
Sale consideration settled in cash	**30**
Cash and cash equivalents in subsidiaries disposed	**(15)**
Cash inflow on disposals	**15**

36. SHARE-BASED PAYMENTS

The Company adopted a new share option scheme (the "2011 Share Option Scheme") at the annual general meeting held on 1 November 2011 (the "2011 AGM").

The share option scheme adopted on 2 May 2002 by the Company (the "2002 Share Option Scheme") was terminated immediately after the conclusion of the 2011 AGM. However, the outstanding share options granted under the 2002 Share Option Scheme shall continue to be exercisable under the terms of issue.

The principal terms of the share option schemes are set out as follows:

2002 SHARE OPTION SCHEME

The Company operated the 2002 Share Option Scheme for the main purpose of recognising contributions of the employees of the Group to the growth of the Group, by rewarding them with opportunities to obtain an ownership interest in the Company and to further motivate and give an incentive to these persons to continue to contribute to the Group's long terms success and prosperity.

Eligible participants of the 2002 Share Option Scheme include any employees, consultants, advisers, suppliers or customers of the Group, including any directors of the Company and its subsidiaries. The 2002 Share Option Scheme has been terminated and no further share option may be granted thereafter.

36. SHARE-BASED PAYMENTS *(cont'd)*

2002 SHARE OPTION SCHEME *(cont'd)*

The maximum number of unexercised share options permitted to be granted under the 2002 Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the 2002 Share Option Scheme within any 12-month period up to the date of grant, is limited to 1% of the shares of the Company in issue at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted in writing within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted shall be determined by the board of directors and notified to the relevant grantee, but must not be more than ten years from the date of grant of the share options.

The exercise price of the share options is determinable by the board of directors, but may not be less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of offer of the option, which must be a business day, (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer of the option, or (iii) the nominal value of the shares of the Company on the date of offer.

2011 SHARE OPTION SCHEME

The 2011 Share Option Scheme shall be valid and effective for a period of ten years commencing on 1 November 2011. The purpose of the 2011 Share Option Scheme is to enable the Company to grant options to the selected persons as incentives or rewards for their contribution to the Company and its subsidiaries.

Eligible participants of the 2011 Share Option Scheme include any employees, executive directors, non-executive directors (including any independent non-executive directors), advisers, consultants, suppliers or customers of the Company or any of its subsidiaries.

The total number of shares in respect of which options may be granted under the 2011 Share Option Scheme and any other share option schemes of the Company, is not exceeding 10% of the total number of shares in issue of the Company from 1 November 2011 onwards or at the renewal of such limit. Under the 2011 Share Option Scheme, the Company may obtain a fresh approval from its shareholders to refresh the above mentioned 10% limit.

Notwithstanding anything hereinbefore contained and subject to the maximum entitlement of each participant hereinafter mentioned, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time. The maximum number of shares which may be issued upon exercise of all outstanding options granted and to be granted to each eligible participant in the 2011 Share Option Scheme and any other share option schemes of the Company within any 12-month period up to the date of grant, is limited to 1% of the shares of the Company in issue at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

36. SHARE-BASED PAYMENTS *(cont'd)*

2011 SHARE OPTION SCHEME *(cont'd)*

An offer for the granting of share options shall be accepted in written within 21 days from the offer date and by way of payment of consideration of HK$1. The exercise period of the share options granted shall be determined by the board of directors and notified to the relevant grantee, but must not be more than ten years from the date of grant of the share options.

The exercise price of the share options shall be a price determined by the board of directors at its absolute discretion and notified to a participant and shall be no less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the offer date; (ii) the average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the offer date; and (iii) the nominal value of the shares of the Company on the offer date.

The following shows the outstanding position of the directors as at 30 June 2012 with respect to their share options granted under the share option schemes:

	Number of share options						
Name or category of grantee	**At 1 July 2011**	**Lapse during the year**	**Reclassification during the year**	**At 30 June 2012**	**Date of grant of share options**	**Exercise Period (note a)**	**Exercise price (HK$) (note b)**
Directors							
Pong Wai San, Wilson (note e)	8,400,000	–	(8,400,000)	–	9 July 2010	Period 1	0.59
Lee Wing Yin	1,000,000	–	–	1,000,000	7 December 2010	Period 2	1.17
Li Chi Chung (note f)	1,000,000	(1,000,000)	–	–	7 December 2010	Period 2	1.17
Koo Fook Sun, Louis	1,000,000	–	–	1,000,000	7 December 2010	Period 2	1.17
Lai Hin Wing, Henry	1,000,000	–	–	1,000,000	7 December 2010	Period 2	1.17
Lung Hung Cheuk	1,000,000	–	–	1,000,000	7 December 2010	Period 2	1.17
	13,400,000	(1,000,000)	(8,400,000)	4,000,000			
Director of subsidiaries and the substantial shareholder							
Au Wing Wah	8,400,000	–	–	8,400,000	9 July 2010	Period 1	0.59
Consultant of the Company and the substantial shareholder							
Pong Wai San, Wilson (note e)	–	–	8,400,000	8,400,000	9 July 2010	Period 1	0.59
	21,800,000	(1,000,000)	–	20,800,000			

36. SHARE-BASED PAYMENTS *(cont'd)*

The following shows the outstanding position of the directors as at 30 June 2011 with respect to their share options granted under the share option scheme:

Name or category of grantee	Number of share options			Date of grant of share options	Exercise Period (note a)	Exercise price (HK$) (note b)
	At 1 July 2010	Granted during the year	At 30 June 2011			
Directors						
Pong Wai San, Wilson	–	8,400,000	8,400,000	9 July 2010	Period 1	0.59
Lee Wing Yin	–	1,000,000	1,000,000	7 December 2010	Period 2	1.17
Li Chi Chung	–	1,000,000	1,000,000	7 December 2010	Period 2	1.17
Koo Fook Sun, Louis	–	1,000,000	1,000,000	7 December 2010	Period 2	1.17
Lai Hin Wing, Henry	–	1,000,000	1,000,000	7 December 2010	Period 2	1.17
Lung Hung Cheuk	–	1,000,000	1,000,000	7 December 2010	Period 2	1.17
	–	13,400,000	13,400,000			
Director of subsidiaries and the substantial shareholder						
Au Wing Wah	–	8,400,000	8,400,000	9 July 2010	Period 1	0.59
	–	21,800,000	21,800,000			

Notes:

Period 1: 9 July 2010 to 8 July 2015
Period 2: 7 December 2010 to 6 December 2015

36. SHARE-BASED PAYMENTS *(cont'd)*

(a) The vesting date of the share options for Period 1 and 2 is the date of grant.

(b) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

(c) The weighted average exercise prices of share option are set out below:

	2012 **HK$**	2011 HK$
At beginning of the year	**0.72**	–
Lapsed during the year	**1.17**	–
Granted during the year	**–**	0.72
At end of the year	**0.70**	0.72

(d) The weighted average remaining contractual life of the share options outstanding at 30 June 2012 was approximately 3.10 years (2011: 4.12 years).

(e) Mr. Pong Wai San, Wilson resigned as an executive director and appointed as a consultant of the Company on 12 December 2011.

(f) Mr. Li Chi Chung resigned as a non-executive director on 12 December 2011. The share options granted to him were lapsed on 12 December 2011.

For the year ended 30 June 2011, the fair values of options granted were determined using Black-Scholes Pricing Model that takes into account factors specific to the share incentive plans. The following principal assumptions were used in the valuation:

	Share options granted on 9 July 2010	Share options granted on 7 December 2010
Share price at date of grant	HK$0.59	HK$1.14
Expected volatility*	97.75%	95.54%
Risk-free interest rate	0.7735%	0.659%
Dividend yield	0%	0%
Expected life of option	2.5 years	2.5 years
Fair value at date of grant	HK$0.3331	HK$0.6246
Exercise price at date of grant	HK$0.59	HK$1.17

* The underlying expected volatility reflects the assumption that the historical volatility is indicative of future treads, which may also not necessarily be the actual outcome. No special features pertinent to the options granted were incorporated into measurement of fair value.

36. SHARE-BASED PAYMENTS *(cont'd)*

No share option expenses have been recognised in the consolidated income statement during the year (2011: HK$8,719,000).

At 30 June 2012, the Company had 20,800,000 (2011: 21,800,000) share options outstanding under the share option schemes, which represented approximately 0.6% (2011: 0.6%) of the Company's shares in issue at that date. All these options were exercisable at 30 June 2012 (2011: All).

37. OPERATING LEASE COMMITMENTS

AS LESSEE

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

GROUP

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

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 include contingent rentals.

COMPANY

	2012 **HK$'000**	2011 HK$'000
Within one year	**373**	1,296
In the second to fifth years	**–**	373
	373	1,669

The Company leases a property under operating leases. The lease runs for an initial period of two years (2011: one to two years). None of the leases include contingent rentals.

37. OPERATING LEASE COMMITMENTS *(cont'd)*

AS LESSOR

At 30 June 2012, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

GROUP

	2012	2011
	HK$'000	HK$'000
Within one year	**6,857**	669
In the second to fifth years	**1,791**	28
	8,648	697

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.

COMPANY

The Company does not have any operating lease arrangements as at 30 June 2012 and 2011.

38. 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

39. FINANCIAL GUARANTEE CONTRACTS – COMPANY

The Company has executed guarantees amounting to HK$728,000,000 (2011: HK$634,000,000) with respect to bank loans to its subsidiaries and associates, which are also secured against properties held for trading and properties under development held by those subsidiaries and associates. Under the guarantees, the Company would be liable to pay the bank if the bank is unable to recover the loans. At the reporting date, no provision for the Company's obligation under the guarantee contract has been made as the directors consider that it is not probable that the repayment of the loan will be in default.

40. MATERIAL RELATED PARTY TRANSACTIONS

40.1 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.

40.2 Key management personnel compensation

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

41. MAJOR NON-CASH TRANSACTION

During the year, property, plant and equipment of HK$1,421,000 (2011: HK$602,000) were acquired under finance leases.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from both its operating, investing and financing activities. The Group has various financial assets and liabilities such as trade receivables, cash and cash equivalents, restricted bank deposits, other receivables, trade payables and other payables, which arise directly from its daily operations.

The main risks arising from the Group's financial instruments are market risk (including interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. As the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

42.1 INTEREST RATE RISK

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. Besides short-term deposits which earn interest at fixed rates, cash at banks earn interest at floating rates up to 0.4% (2011: 0.1%) per annum, based on the daily bank deposits rates for the year. Other than deposits held in banks, the Group does not have significant interest-bearing financial assets. Any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to the Group.

As at 30 June 2012, the Group's exposure to interest rate risk on floating interest-bearing financial liabilities mainly comes from secured bank loans. The interest rates and repayment terms of the Group's borrowings are disclosed in note 30. The Group currently does not have an interest rate hedging policy. However, the directors monitor interest rate change exposure and will consider hedging significant interest rate exchange exposure should the need arise.

If an increase or decrease of 5% in interest rate was estimated, with all other variables held constant, profit for the year and retained profits would have decreased or increased by approximately HK$37,000 (2011: Nil).

The policies to manage interest rate risk have been followed by the Group since prior year and are considered to be effective.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

42.2 FOREIGN CURRENCY RISK

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. During the year, exposures to currency exchange rates arose from the Group's bank deposits and available-for-sale financial assets (equivalent to HK$225,298,000 (2011: HK$125,112,000) and HK$24,545,000 (2011: Nil) respectively) which were primarily denominated in RMB and British Pound ("GBP"). Other than this, almost all of the Group's transactions were carried out in HK$ which is the functional currency of the Group's entities to which the transaction related.

To mitigate the impact of exchange rate fluctuations, the Group's continually assesses and monitors the exposure to foreign currency risk. During the year, management did not consider it necessary to use foreign currency forward contracts to hedge the exposure to foreign currency risk as most of the financial assets and financial liabilities denominated in currencies other than the functional currency of the entity to which they related are short term foreign currency cash flows (due within 6 months).

As at 30 June 2012, if a depreciation of 5% in HK$ against RMB and GBP was estimated, with all other variables held constant, profit for the year and retained profits would have increased by HK$11,265,000 (2011: HK$6,256,000) and other components of equity would have increased by HK$1,227,000 (2011: Nil) for the year ended 30 June 2012. An appreciation of the same percentage in HK$ against RMB and GBP would have had the equal but opposite effect on the profit for the year, retained profits and other components of equity to the amount shown above, on the basis that all other variables remain constant.

The appreciation and depreciation of 5% in HK$ exchange rate against RMB and GBP represented management's assessment of a reasonably possible change in currency exchange rate over the period until the next annual reporting date.

The policies to manage foreign currency risk have been followed by the Group since prior year and are considered to be effective.

42.3 PRICE RISK

Price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to change in market prices of listed equity securities, listed debts investments and unlisted investment funds in respect of its investments classified as available-for-sale financial assets and financial assets at fair value through profit or loss.

To manage its market price risk arising from these investments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the board of directors. The policies to manage the price risk have been followed by the Group since prior years and are considered to be effective.

For listed equity securities, listed debts investments and unlisted investment funds in the available-for-sale financial assets category, if the quoted price for these securities increased or decreased by 5%, profit for the year and retained profits would have increased or decreased by HK$188,000 (2011: Nil) and other components of equity would have increased or decreased by HK$4,011,000 (2011: HK$5,346,000).

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

42.3 PRICE RISK *(cont'd)*

For unlisted investment funds in United Kingdom classified as financial assets at fair value through profit or loss category, if the market price had increased or decreased by 5%, profit for the year and retained profits would have increased or decreased by HK$160,000 (2011: HK$174,000).

The increase and decrease of 5% in market price of investment represents management's assessment of a reasonably possible change in market price of investments over the period until the next annual reporting date.

42.4 CREDIT RISK

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem. Most of the Group's bank balances are held in major financial institutions in Hong Kong, which management believes are of high credit quality.

The Group's trade and other receivables and amounts due from associates and a jointly controlled entity are actively monitored to avoid significant concentration of credit risk. Normally, the Group does not obtain collateral from customers. The Group has adopted a no-business policy with customers lacking an appropriate credit history where credit records are not available.

Available-for-sale financial assets and financial assets at fair value through profit or loss represented the listed equity securities, listed debts investments and unlisted investment funds from the well-established banks or financial institutes and are not used for hedging purpose. These are mainly entered with banks or financial institutes with sound credit rating and management does not expect any investment counterparty to fail to meet its obligations. In this regard, the Group does not expect to incur material credit losses on managing these financial assets.

The credit and investment policies have been followed by the Group since prior year and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

42.5 LIQUIDITY RISK

Liquidity risk relates to the risk that the Group will not be able to meet its obligation associated with its financial liabilities that are settled by delivering cash or another financial asset. Individual operating entities within the Group are responsible for their own cash management, including short-term investment of cash surpluses and the raising of loans to cover the expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in both short and long terms.

The following tables detail the remaining contractual maturities at each of the reporting dates of the financial liabilities, which are based on the earliest date the Group and the Company may be required to pay. Specifically, for bank borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lender were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

At the reporting date, the Group's undiscounted cash flows under financial liabilities that have contractual maturities are summarised below:

		Contractual undiscounted cash flow			
	Carrying amounts HK$'000	**Total HK$'000**	**Within 1 year or on demand HK$'000**	**In 2 to 5 years HK$'000**	**Over 5 years HK$'000**
30 June 2012					
Other payables	**108,875**	**108,875**	**108,875**	**–**	**–**
Finance lease liabilities	**1,866**	**1,866**	**467**	**1,399**	**–**
Borrowings	**374,731**	**390,220**	**145,411**	**244,809**	**–**
	485,472	**500,961**	**254,753**	**246,208**	**–**
Financial guarantee issued:					
Maximum amount guarantee	**144,000**	**144,000**	**144,000**	**–**	**–**
30 June 2011					
Trade payables	39,740	39,740	39,740	–	–
Other payables	120,254	120,254	120,254	–	–
Finance lease liabilities	912	912	203	709	–
Borrowings	215,983	233,854	4,146	229,708	–
	376,889	394,760	164,343	230,417	–
Financial guarantee issued:					
Maximum amount guarantee	144,000	144,000	144,000	–	–

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

42.5 LIQUIDITY RISK *(cont'd)*

At the reporting date, the Company's undiscounted cash flows under financial liabilities that have contractual maturities are summarised below:

		Contractual undiscounted cash flow			
	Carrying amounts HK$'000	**Total HK$'000**	**Within 1 year or on demand HK$'000**	**In 2 to 5 years HK$'000**	**Over 5 years HK$'000**
30 June 2012					
Other payables	**100**	**100**	**100**	**–**	**–**
Amounts due to subsidiaries	**165,403**	**165,403**	**165,403**	**–**	**–**
	165,503	**165,503**	**165,503**	**–**	**–**
Financial guarantee issued:					
Maximum amount guarantee	**471,711**	**471,711**	**471,711**	**–**	**–**
30 June 2011					
Other payables	90	90	90	–	–
Amounts due to subsidiaries	139,071	139,071	139,071	–	–
	139,161	139,161	139,161	–	–
Financial guarantee issued:					
Maximum amount guarantee	359,983	359,983	359,983	–	–

The following table summaries the maturity analysis of bank borrowings which are subject to repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis above. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

		Contractual undiscounted cash flow			
	Carrying amounts HK$'000	**Total HK$'000**	**Within 1 year or on demand HK$'000**	**In 2 to 5 years HK$'000**	**Over 5 years HK$'000**
30 June 2012	**140,731**	**174,675**	**8,544**	**74,486**	**91,645**
30 June 2011	–	–	–	–	–

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

42.6 CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Loans and receivables:				
Trade receivables	**24,860**	163,126	**–**	–
Other receivables	**6,984**	35,151	**2,876**	3,757
Amounts due from subsidiaries	**–**	–	**876,883**	736,687
Amounts due from associates	**68,059**	61,414	**–**	–
Amount due from a jointly controlled entity	**4,620**	–	**–**	–
Cash and cash equivalents	**617,416**	756,248	**517,539**	662,211
Restricted bank deposits	**95,000**	58,115	**–**	–
Available-for-sale financial assets:	**93,797**	106,918	**93,797**	106,918
Financial assets at fair value through profit or loss:	**3,198**	3,480	**3,198**	3,480
	913,934	1,184,452	**1,494,293**	1,513,053

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities measured at amortised cost:				
Trade payables	**–**	39,740	**–**	–
Other payables	**108,875**	120,254	**100**	90
Finance lease liabilities	**1,866**	912	**–**	–
Borrowings	**374,731**	215,983	**–**	–
Amounts due to subsidiaries	**–**	–	**165,403**	139,071
	485,472	376,889	**165,503**	139,161

42.7 FAIR VALUE

The fair values of the Group's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

42.8 FAIR VALUE MEASUREMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The following table presents financial assets measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

– Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

– Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived form prices); and

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

GROUP AND COMPANY

	Notes	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
30 June 2012					
Assets:					
Available-for-sale financial assets					
– Listed equity securities	(a)	**37,737**	**–**	**–**	**37,737**
– Listed debts investments	(b)	**24,545**	**–**	**–**	**24,545**
– Unlisted investment funds	(c)	**21,699**	**–**	**–**	**21,699**
Financial assets at fair value through profit or loss					
– Unlisted investment funds	(c)	**3,198**	**–**	**–**	**3,198**
Total and net fair values		**87,179**	**–**	**–**	**87,179**

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

42.8 FAIR VALUE MEASUREMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION *(cont'd)*

	Notes	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
30 June 2011					
Assets:					
Available-for-sale financial assets					
– Listed equity securities	(a)	76,700	–	–	76,700
– Unlisted investment funds	(c)	22,417	–	–	22,417
Financial assets at fair value through profit or loss					
– Unlisted investment funds	(c)	3,480	–	–	3,480
Total and net fair values		102,597	–	–	102,597

There have been no significant transfers between levels 1 and 2 in the reporting period.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

(a) Listed equity securities
The listed equity securities are denominated in HK$. Fair values have been determined by reference to their quoted bid prices at the reporting date.

(b) Listed debts investments
The listed debts investments are denominated in RMB. Fair values have been determined by reference to their quoted bid prices at the reporting date.

(c) Unlisted investments funds
The unlisted investment funds are denominated in US$. Fair values have been determined by reference to their quotations in active markets at the reporting date and have been translated using the spot foreign currency rate at the end of the reporting period where appropriate.

43. CAPITAL RISK MANAGEMENT

The Group's capital management objectives are:

(a) to ensure the Group's ability to continue as a going concern;

(b) to provide an adequate return to shareholders;

(c) to support the Group's sustainable growth; and

(d) to provide capital for the purpose of potential mergers and acquisitions.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (represented by total liabilities less current and tax payables as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debts. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

	2012 **HK$'000**	2011 HK$'000
Total borrowings	**499,500**	400,350
Less: cash and cash equivalents	**(617,416)**	(756,248)
Net debts	**(117,916)**	(355,898)
Total capital	**1,695,073**	1,716,802
Gearing ratio	**N/A**	N/A

MAJOR PROPERTIES UNDER DEVELOPMENT AS AT 30 JUNE 2012

Location	Approximate gross floor area (sq. ft.)	Interest attributable to the Group	Existing use	Project status
Nos. 142 – 154 Carpenter Road, Kowloon City, Kowloon	82,000	100%	Residential	Under development planning

MAJOR PROPERTIES HELD FOR TRADING AS AT 30 JUNE 2012

Location	Approximate gross floor area (sq. ft.)	Interest attributable to the Group	Land use	Lease term
Portion No. 4, Flat No. 23 and Shop Nos. 23A, 23B on Ground Floor and No. 23 on Mezzanine Floor, Wing Lee Building of Nos. 27, 29, 31, 31A, 31B and 31C Kimberley Road, Kowloon	3,340	100%	Commercial	Medium-term lease

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