

TANRICH

TANRICH FINANCIAL HOLDINGS LIMITED
敦沛金融控股有限公司*

Stock Code: 812

* For identification purpose only



TANRICH INTERIM REPORT 2013/14

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Interim Report
2013/14

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CORPORATE INFORMATION

Board of Directors	<i>Executive Directors</i> Dr. YIP Man Fan (<i>Chairman</i>) Mr. KWOK Kam Hoi <i>(Deputy Chairman and Chief Executive Officer)</i> Mr. TSUNOYAMA Toru Ms. WONG, Vicky Lai Ping Mr. LIN Peng <i>Independent Non-executive Directors</i> Mr. MA, Andrew Chiu Cheung Mr. YU King Tin Mr. LAM Kwok Cheong
Audit Committee	Mr. MA, Andrew Chiu Cheung (<i>Chairman</i>) Mr. YU King Tin Mr. LAM Kwok Cheong
Remuneration Committee	Mr. YU King Tin (<i>Chairman</i>) Mr. MA, Andrew Chiu Cheung Mr. LAM Kwok Cheung Mr. TSUNOYAMA Toru Ms. WONG, Vicky Lai Ping
Nomination Committee	Dr. YIP Man Fan (<i>Chairman</i>) Mr. MA, Andrew Chiu Cheung Mr. YU King Tin Mr. LAM Kwok Cheung Ms. WONG, Vicky Lai Ping
Authorised Representative	Mr. KWOK Kam Hoi Miss FUNG Suk Han
Company Secretary	Miss FUNG Suk Han
Registered Office	Clarendon House 2 Church Street Hamilton HM11 Bermuda



CORPORATE INFORMATION

Head Office and Principal Place of Business in Hong Kong	16th Floor, Central Plaza 18 Harbour Road Wanchai Hong Kong
Bermuda Principal Share Registrar	MUFG Fund Services (Bermuda) Limited <i>(formerly known as Butterfield Fulcrum Group (Bermuda) Limited)</i> 26 Burnaby Street Hamilton HM11 Bermuda
Branch Share Registrar in Hong Kong	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Auditor	Mazars CPA Limited <i>Certified Public Accountants</i> 42nd Floor, Central Plaza 18 Harbour Road Wanchai Hong Kong
Legal Adviser as to Hong Kong Law	PHILLIPS Solicitors 3506, Tower 1 Lippo Centre 89 Queensway, Central Hong Kong
Listing Information	The Stock Exchange of Hong Kong Limited Stock Code: 812
Website	www.tanrich-group.com

INTERIM RESULTS

The board (the “Board”) of directors (“Directors”) of Tanrich Financial Holdings Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2013 together with the comparative figures for the preceding interim period ended 31 December 2012 as set out on pages 9 to 33 to this report.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the year ending 30 June 2014 (*2013: Nil*).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Encountering the harsh operating environment resulted from increasingly intense market competition, the Group has been committing to broadening its sources of income and reducing expenditure. The operating expense decreased drastically by 16% to HK\$16.0 million due to implementation of stringent cost control measures. As a result, the Group recorded a turnover of HK\$33.5 million slightly higher than the corresponding period of last year (*2012: HK\$29.0 million*) and a loss before taxation of HK\$8.1 million (*2012: HK\$24.2 million*). Loss before taxation greatly decreased compared to the corresponding period of last year.

Wealth management, brokerage and margin financing

During the reviewing period, gradual recovery in global economy and improved economic statistics of U.S. stabilized investor confidence. As risk aversion among individual and institutional investors continued to fade, the average daily turnover of Hong Kong securities market rose to HK\$57.2 billion by 11.5% compared to HK\$51.3 billion in the corresponding period of last year.

The pick-up of turnover in securities market spurred the increase in income from securities broking and margin financing on general securities dealing and initial public offerings. During the reviewing period, the turnover derived from the securities and margin financing increased to HK\$15.5 million (*2012: HK\$14.0 million*). Moreover, with further expansion in wealth management business, more diversified products and services and initial results achieved in investment immigration business, the turnover generated from wealth management business considerably increased to HK\$3.9 million (*2012: HK\$3.0 million*).



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review *(continued)*

Wealth management, brokerage and margin financing (continued)

Nonetheless, the turnover generated from futures broking recorded a decline, offsetting the increase of income from brokerage and margin financing. Such a substantial drop was mainly attributable to established clients' weaker interest in day trade futures. The overall turnover generated from the wealth management, brokerage and margin financing declined 12.9% to HK\$21.8 million (2012: HK\$25.0 million) during the reviewing period.

Insurance agency

In view of the avalanche of the stringent regulations and disclosure requirement issued by insurance regulatory authorities, sales process has lengthened and caused sales to drop. The total number of transactions generated from single premium insurance products especially for high net-worth clients also being adversely affected. During the reviewing period, the turnover derived from insurance agency recorded a decrease of 32.3% to HK\$6.8 million (2012: HK\$10.1 million).

The insurance team will continue to identify strategic business partners and develop the Mainland China market, especially in new-developed regions outside Guangdong Province filled with enormous business opportunities. The division will expand its business network, with expectation that it will bring revenue to the Group in the coming period.

Corporate finance

Hong Kong initial public offering ("IPO") market saw improvement in the last quarter of 2013. The corporate finance team successfully sponsored a company listed in the The Growth Enterprise Market (GEM) board during the period. However, several IPO activities are still in pipeline. Their delayed schedule resulted in adverse effect on the turnover of corporate finance business.

Segment turnover decreased to HK\$3.4 million (2012: HK\$4.1 million) by 17.6%. The Group expects that more IPO activities and other equity fund raising exercises will be carried out in the coming period and it will continue to explore more opportunities of being appointed as financial advisers, placing agents and sponsors to diversify revenue stream.

Money lending

Regarding the loans and advances to Cheung Wan (Groups) Energy Development Limited and its subsidiary, the Group entered into a settlement agreement on 23 July 2013 for the full and final settlement of all civil legal proceedings. The whole settlement proceeds in HK\$21.7 million was already recovered during the reviewing period.

While remaining cautious about granting new loans, the Group will continue to explore other money lending opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review *(continued)*

Proprietary trading

Segment profit of HK\$1.4 million in proprietary trading mainly represents mark-to-market gain in securities market. Proprietary trading was not active in this period and the Group has suspended trading in futures market since late 2012 due to high volatility.

Prospects

Gradual reduction of quantitative easing policies by U.S. Federal Reserve symbolizes gradual recovery of U.S. economy. The Group is positive and optimistic towards future global economic development. The Group will accelerate its pace of reformation, transforming from a traditional retail brokerage firm to a diversified financial service institution and becoming a one-stop wealth management centre.

Enhancing the competitiveness of Hong Kong investment market, Hong Kong Exchanges and Clearing Limited ("HKEx") keeps launching new products including CES China 120 Index Futures, Mini-Hang Seng Index Futures and Mini H-shares Index Futures for After-Hours Futures Trading Session to meet the growing demand of investors. The Group will keep abreast with HKEx's development and seize emerging opportunities.

Apart from capital strength, the Group believes that talents also serve as a key factor to success. To strengthen its reservation of talents, the Group will keep on recruiting front office staff and attracting more talents by offering job opportunities with promising development outlook. The Group will also enhance staff trainings to unleash their potential.

With the rising popularity of the internet and electronic financial services, the Group will further reinforce its online and mobile trading platform to facilitate clients' tradings. Moreover, the Group will launch a series of marketing programs to attract a wider range of e-trade clients.

Looking ahead, the Group is steadfast to its prudent yet flexible principles, focusing on potential business that will broaden its income base. Leveraging on its abundant experience and competitive edges, the Group will continue to explore new business opportunities and business partners to achieve solid business growth.



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Liquidity, financial resources and gearing ratio

As at 31 December 2013, the Group had total cash and bank balances of HK\$39.4 million (30 June 2013: HK\$38.8 million), while net current assets decreased to HK\$57.2 million (30 June 2013: HK\$65.4 million). The current ratio as a ratio of current assets to current liabilities was 1.6 (30 June 2013: 1.7).

The Group met its daily operating obligations from its internal resources. The finance costs were mainly incurred for margin financing business. At the end of reporting period, to support margin financing business, the Group had short term interest-bearing borrowings of HK\$42.5 million (30 June 2013: HK\$72.5 million) and resulting in gearing ratio of 26.2% (30 June 2013: 44.8%). Gearing ratio represents the ratio of total borrowings to the total equity of the Group. The interest-bearing borrowings are subject to floating interest rates with reference to the costs of funds of the banks.

Banking facilities and charges on assets

As at 31 December 2013, the Group had aggregate banking facilities of HK\$302.9 million. The drawdown of certain banking facilities of HK\$297.4 million is subject to the market value of the marketable securities pledged and the margin deposits placed. The Group pledged certain investments in listed securities of HK\$97.5 million and fixed deposits of HK\$2.0 million for the facilities.

Material investments

During the period under review, there were no material acquisition of investments. The Group maintained its investments in 1 listed and 3 non-listed companies as disclosed in the Group's annual financial statements for the year ended 30 June 2013.

Contingencies

The Group had no material contingent liabilities as at 31 December 2013.

Commitments

As at 31 December 2013, the Group had no material capital commitment.

Exposure to fluctuations in exchange rates and related hedges

As at 31 December 2013, the Group had no material exposure to fluctuations in exchange rates.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review *(continued)*

Changes since 30 June 2013

Save as discussed in this interim report, there were no other significant changes in the Group's financial position from the information disclosed in the Group's annual financial statements for the year ended 30 June 2013.

Employees

As at 31 December 2013, the Group had a total of 142 employees. The Group operates different remuneration schemes for account executives and other supporting staff respectively. Account executives are remunerated on the basis of on-target-earning packages comprising base pay and allowances, commission and/or bonus. All supporting and general staff are also entitled to the year-end and performance discretionary bonuses. The Company has a share option scheme for which the Company may grant options to eligible persons to subscribe for shares in the Company as a long-term incentive scheme.

The Group provides training programs for the staff to enhance their skills and knowledge in products, regulations and compliance. Most of the in-house training are qualified to be claimed as Continuous Professional Training hours for the relevant licensed persons.

Condensed Consolidated Statement of Comprehensive Income



		Unaudited Six months ended 31 December	
		2013	2012
		HK\$'000	HK\$'000
	Note		
Turnover and revenue	2	33,450	28,989
Other revenue and gains	3	5,645	3,443
Employee benefit expenses	4	(17,169)	(19,063)
Depreciation and amortisation		(646)	(668)
Brokerage and agency commission	2	(12,658)	(16,862)
Other operating expenses		(15,994)	(19,069)
Finance costs	4	(521)	(812)
Share of result of an associate		(169)	(118)
Share of results of joint ventures		(10)	(3)
Loss before tax	4	(8,072)	(24,163)
Income tax expense	5	–	–
Loss for the period attributable to equity holders of the Company		(8,072)	(24,163)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of foreign subsidiaries and an associate		157	193
Change in fair value of available-for-sale financial assets		8,542	15,533
Other comprehensive income for the period		8,699	15,726
Total comprehensive income (loss) for the period attributable to equity holders of the Company		627	(8,437)
Loss per share			
– Basic (HK cents)	6	(0.68)	(2.03)
– Diluted (HK cents)	6	(0.68)	(2.03)

Condensed Consolidated Statement of Financial Position

		Unaudited 31 December	Audited 30 June
		2013	2013
	<i>Note</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		732	1,252
Intangible assets		100	100
Interests in an associate		583	715
Interests in joint ventures		889	899
Available-for-sale financial assets	7	92,462	83,920
Other financial assets	8	6,796	5,905
Other non-current assets		3,588	3,567
		105,150	96,358
Current assets			
Loans and advances	9	107	18,589
Financial assets at fair value through profit or loss	10	6,390	7,084
Accounts receivable	11	101,974	81,909
Deposits, prepayments and other receivables		7,319	9,483
Pledged deposits	12	2,015	2,013
Cash and bank balances	13	39,360	38,809
		157,165	157,887
Current liabilities			
Amount due to a related company	14	24,000	24,000
Interest-bearing borrowings	15	18,500	48,500
Accounts payable	16	44,565	8,784
Other payables and accrued charges		12,859	11,197
		99,924	92,481
Net current assets		57,241	65,406
NET ASSETS		162,391	161,764
Capital and reserves			
Share capital	17	119,147	119,147
Reserves	18	43,244	42,617
TOTAL EQUITY		162,391	161,764

Condensed Consolidated Statement of Cash Flows



	Unaudited Six months ended 31 December	
	2013 HK\$'000	2012 HK\$'000
Net cash (used in) from operating activities	(61)	4,896
Net cash from investing activities	494	773
Net cash from financing activities	-	-
Net increase in cash and cash equivalents	433	5,669
Cash and cash equivalents at beginning of period	40,822	37,218
Effect on exchange rate changes	120	-
Cash and cash equivalents at end of period	41,375	42,887
Analysis of balances of cash and cash equivalents		
Cash and bank balances	39,360	40,879
Pledged deposits	2,015	2,008
	41,375	42,887

Condensed Consolidated Statement of Changes in Equity

	Unaudited Six months ended 31 December	
	2013 HK\$'000	2012 HK\$'000
Total equity at 1 July	161,764	188,848
Total comprehensive income (loss) for the period	627	(8,437)
Total equity at 31 December	162,391	180,411

Notes to Condensed Consolidated Financial Statements



1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2013 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "*Interim Financial Reporting*" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2013. These unaudited interim condensed consolidated financial statements have not been audited by the Company's auditor, but have been reviewed by the Company's audit committee.

The accounting policies applied in preparing these unaudited interim condensed consolidated financial statements are consistent with those applied in preparing the Group's annual financial statements for the year ended 30 June 2013. The adoption of the following new/revised Hong Kong Financial Reporting Standards ("HKFRSs") that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current and prior periods except that certain presentation and disclosures of condensed consolidated financial statements items have been revised.

HKFRS 11: Joint arrangements

HKFRS 11, which replaces HKAS 31 "*Interests in Joint Ventures*" and HK(SIC)-Int 13 "*Jointly Controlled Entities-Non-Monetary Contributions by Venturers*", divides joint arrangements into joint operations and joint ventures. Such classification is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, legal form, contractual terms and other facts and circumstances.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement while a joint venture is a joint arrangement whereby those parties have rights to the net assets of the arrangement. Joint operations are recognised on a line-by-line basis to the extent of the joint operator's interest while joint ventures are accounted for using the equity method. Proportionate consolidation is no longer allowed.

As a result of the adoption of HKFRS 11, the Group has re-evaluated its involvement in its joint arrangements and has reclassified the investment from jointly controlled entities to joint ventures. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the amounts recognised.

Notes to Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(continued)*

HKFRS 13: Fair value measurement

This new standard improves consistency by providing a single source of guidance for fair value measurement and disclosures about fair value measurement when such measurement is required or permitted by other HKFRSs. Fair value is defined 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.

In accordance with the transitional provisions, the standard has been applied prospectively. Apart from the additional disclosures about fair value measurements for the current year, the application of the new standard does not have any material impact on the amounts recognised.

Future changes in HKFRSs

The Group has not early adopted any new/revised HKFRSs that have been issued but are not yet effective for the current accounting period. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to reasonably estimate their impact on its results of operations and financial position.

2. SEGMENT INFORMATION

The Directors have been identified as the chief operating decision makers to evaluate the performance of operating segments based on the Group's internal reporting in respect of these segments. Segment assets and liabilities are not disclosed as they are not considered as crucial for resources allocation and thereby not being regularly provided to the Directors.

The Directors consider wealth management, brokerage and margin financing, insurance agency, corporate finance, asset management, money lending and proprietary trading are the Group's major operating segments.

Notes to Condensed Consolidated Financial Statements



2. SEGMENT INFORMATION (continued)

Six months ended 31 December 2013 (unaudited)								
	Wealth management, brokerage and margin financing	Insurance agency	Corporate finance	Asset management	Money lending	Proprietary trading	Other operations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover and revenue	21,758	6,836	3,395	-	49	1,412	-	33,450
Brokerage and agency commission	(6,000)	(5,756)	(900)	-	-	(2)	-	(12,658)
Results	(3,072)	(474)	(907)	-	(655)	1,408	1,171	(2,529)
Unallocated income and expenses								(5,364)
Share of result of an associate								(169)
Share of results of joint ventures								(10)
Loss for the period								(8,072)

Six months ended 31 December 2012 (unaudited)								
	Wealth management, brokerage and margin financing	Insurance agency	Corporate finance	Asset management	Money lending	Proprietary trading	Other operations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover and revenue	24,972	10,095	4,121	-	17	(10,216)	-	28,989
Brokerage and agency commission	(6,494)	(8,768)	(1,190)	-	-	(410)	-	(16,862)
Results	1,271	(373)	(2,194)	(1,560)	(4,459)	(9,991)	(411)	(17,717)
Unallocated income and expenses								(6,325)
Share of result of an associate								(118)
Share of results of joint ventures								(3)
Loss for the period								(24,163)

Notes to Condensed Consolidated Financial Statements

2. SEGMENT INFORMATION *(continued)*

The accounting policies of the operating segments are consistent with those applied in preparing the Group's annual financial statements for the year ended 30 June 2013. Segment profit and loss represents the profit earned by or loss from each segment without allocation of central administration costs and finance costs, directors' salaries, share of results of an associate and joint ventures and income tax expense. This is the measure reported to the Directors for the purpose of resources allocation and performance assessment.

3. OTHER REVENUE AND GAINS

	Unaudited Six months ended 31 December	
	2013	2012
	HK\$'000	HK\$'000
Dividend income	1,518	1,593
Interest income	717	945
Management fee income	480	480
Sundry income	2,930	425
	5,645	3,443

Notes to Condensed Consolidated Financial Statements



4. LOSS BEFORE TAX

	Unaudited Six months ended 31 December	
	2013 HK\$'000	2012 HK\$'000
This is stated after charging:		
(a) Employee benefit expenses		
Salaries, commission and allowances	16,660	18,472
Contributions to retirement benefits schemes	509	591
	17,169	19,063
(b) Other items:		
Change in fair value		
– Loans and advances	–	2,300
Allowance for bad and doubtful debts		
– Accounts receivable	–	700
(c) Finance costs		
Interest expenses for securities broking and margin financing wholly repayable within five years	223	593
Other interest expense	298	219
	521	812

5. TAXATION

Hong Kong Profits Tax has not been provided as the Group incurred losses for taxation purpose for the six months ended 31 December 2013 and 2012. In the opinion of the directors, the Group is not subject to taxation in any other jurisdictions.

Notes to Condensed Consolidated Financial Statements

6. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the equity holders of the Company are based on the following data:

	Unaudited Six months ended 31 December	
	2013	2012
	HK\$'000	HK\$'000
Loss for the period attributable to equity holders of the Company		
Loss for the period for the purposes of computation of basic and diluted loss per share	(8,072)	(24,163)

	Unaudited Six months ended 31 December	
	2013	2012
	'000	'000
Number of ordinary shares		
Weighted average number of ordinary shares for the purposes of computation of basic loss per share	1,191,476	1,191,476
Effect of dilutive potential ordinary shares for share options	1,192	1,331
Weighted average number of ordinary shares for the purposes of computation of diluted loss per share	1,192,668	1,192,807

The diluted loss per share for the six months ended 31 December 2013 and 2012 are the same as the basic loss per share as the exercise of the Company's outstanding share options would result in anti-dilutive effect by decreasing the basic loss per share.

Notes to Condensed Consolidated Financial Statements



7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Unaudited 31 December	Audited 30 June
	2013	2013
	HK\$'000	HK\$'000
Non-current		
Equity investment – unlisted, at cost (<i>Note i</i>)	14,339	14,339
Impairment loss	(13,021)	(13,021)
	1,318	1,318
Equity investments – listed in Hong Kong, at fair value (<i>Note ii</i>)	91,144	82,602
	92,462	83,920

Notes:

- (i) The equity investments are unlisted and their fair values cannot be reliably determined. The Group has no intention to dispose of these investments.
- (ii) Fair values are determined with reference to quoted market bid prices.

The Group has pledged listed investments in an aggregate carrying amount of approximately HK\$91,144,000 (*30 June 2013: HK\$82,602,000*) to banks as collateral for the banking facilities granted to the Group.

At the end of the reporting period, the carrying amount of interests in the following company exceeded 10% of total assets of the Group.

Name	Place of incorporation/ place of operation	Class of share held	Percentage of interests held by the Group	Principal activities
Hong Kong Exchanges and Clearing Limited	Hong Kong/ Hong Kong	Ordinary Shares	0.06%	Owens and operates the only stock exchange and futures exchange in Hong Kong, and their related clearing houses

Notes to Condensed Consolidated Financial Statements

8. OTHER FINANCIAL ASSETS

	Unaudited 31 December	Audited 30 June
	2013	2013
	HK\$'000	HK\$'000
Derivatives – total return swap agreement (“SWAP”) designated as at fair value through profit or loss	6,796	5,905

9. LOANS AND ADVANCES

	Unaudited 31 December 2013	Audited 30 June 2013		
	At amortised cost and total HK\$'000	At fair value HK\$'000	At amortised cost HK\$'000	Total HK\$'000
Loans and advances				
Unsecured	256	–	256	256
Secured	45	18,386	141	18,527
	301	18,386	397	18,783
Allowance for bad and doubtful debts	(194)	–	(194)	(194)
	107	18,386	203	18,589

Secured loans and advances were granted to its clients by the Group based on credit assessment and terms of such loans and advances were offered subject to their pledged collateral.

At the end of the reporting period, loans and advances carry effective interest rates ranging from nil to 5% (30 June 2013: nil to 8%) and are within the respective maturity dates (30 June 2013: within the respective maturity dates).

Notes to Condensed Consolidated Financial Statements



10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		Unaudited 31 December	Audited 30 June
		2013	2013
	<i>Note</i>	HK\$'000	HK\$'000
Listed securities in Hong Kong	<i>(i), (ii)</i>	6,352	7,025
Listed securities outside Hong Kong	<i>(i)</i>	38	59
		6,390	7,084

Notes:

- (i) Fair values of the listed securities are determined with reference to quoted market bid prices.
- (ii) The Group has pledged certain listed securities of approximately HK\$6,352,000 (30 June 2013: HK\$5,323,000) to a bank as collateral for the banking facilities granted to the Group.

11. ACCOUNTS RECEIVABLE

		Unaudited 31 December	Audited 30 June
		2013	2013
	<i>Note</i>	HK\$'000	HK\$'000
Accounts receivable arising from the ordinary course of business of broking in securities and futures contracts:			
– securities cash clients	<i>(a)</i>	5,638	4,880
– securities margin clients	<i>(b)</i>	62,234	61,712
– securities subscription clients		–	3,297
– securities and options clearing house and brokers	<i>(c)</i>	27,602	4,238
– futures clients	<i>(d)</i>	31	–
– futures clearing house and brokers	<i>(e)</i>	4,231	5,564
Accounts receivable arising from the provision of corporate finance advisory services		2,060	500
Accounts receivable arising from the provision of investment-linked and insurance products agency services		178	1,718
		101,974	81,909

Notes to Condensed Consolidated Financial Statements

11. ACCOUNTS RECEIVABLE *(continued)*

Settlement terms

The settlement terms of accounts receivable arising from the ordinary course of business of broking in securities are two or three trading days after the transaction dates.

Accounts receivable arising from the subscription of IPO of listed companies in Hong Kong on behalf of clients are settled upon the share allotments of such listed companies.

Accounts receivable arising from the ordinary course of business of broking in index, commodity and currency futures contracts represent the margin deposits maintained with futures clearing house or brokers to meet the margin requirements of open contracts. Margin calls from clearing house and brokers are settled on a daily basis. The excess amounts over the required margin deposits stipulated are repayable on demand.

Accounts receivable arising from the provision of corporate finance advisory services, investment-linked and insurance products agency services are repayable within 30 days.

Notes:

- (a) At the end of the reporting period, the ageing analysis of accounts receivable from securities cash clients was as follows:

	Unaudited 31 December	Audited 30 June
	2013	2013
	HK\$'000	HK\$'000
Current	14	18
Overdue:		
– Within 30 days	5,624	4,862
– 31 – 90 days	–	–
– 91 – 180 days	–	–
– Over 180 days	3,384	3,384
	9,022	8,264
Allowance for bad and doubtful debts	(3,384)	(3,384)
	5,638	4,880

Provision was made for overdue receivables from cash clients as at 31 December 2013 and 30 June 2013.

Notes to Condensed Consolidated Financial Statements



11. ACCOUNTS RECEIVABLE *(continued)* Settlement terms *(continued)*

Notes: *(continued)*

- (b) At the end of the reporting period, the ageing analysis of accounts receivable from securities margin clients was as follows:

	Unaudited 31 December	Audited 30 June
	2013	2013
	HK\$'000	HK\$'000
Current	38,015	34,147
Overdue:		
– Within 30 days	12,472	15,665
– 31 – 90 days	46	77
– 91 – 180 days	–	–
– Over 180 days	12,701	12,823
	63,234	62,712
Allowance for bad and doubtful debts	(1,000)	(1,000)
	62,234	61,712

Accounts receivable from securities margin clients are secured by their pledged securities, repayable on demand and bear interests at commercial rates. Credits are extended to the securities margin clients subject to the marginable value of the listed securities pledged with the Group. The margin ratios are reviewed and determined periodically. At the end of the reporting period, fair value of marketable securities pledged by securities margin clients was HK\$461,338,000 (30 June 2013: HK\$207,230,000).

Provision was made for overdue receivables from margin clients as at 31 December 2013 and 30 June 2013.

Notes to Condensed Consolidated Financial Statements

11. ACCOUNTS RECEIVABLE *(continued)* Settlement terms *(continued)*

Notes: *(continued)*

- (c) At the end of the reporting period, the accounts receivable from securities and options clearing houses and brokers were not yet due.

The Group maintains margin deposits with the options clearing house in respect of clients' monies in the ordinary course of business of option broking. At the end of the reporting period, the deposit not otherwise dealt with in the condensed consolidated financial statements amounted to HK\$1,766,000 (30 June 2013: HK\$1,716,000).

- (d) At the end of the reporting period, the ageing analysis of accounts receivable from futures clients with overloss was as follows:

	Unaudited 31 December	Audited 30 June
	2013	2013
	HK\$'000	HK\$'000
Overdue:		
– 31 – 90 days	31	–

- (e) Accounts receivable from the futures clearing house and brokers did not include the clients' monies deposited in the future clearing house in Hong Kong amounted HK\$5,580,000 (30 June 2013: HK\$4,043,000) which was not dealt with in the condensed consolidated financial statements. At the end of the reporting period, the accounts receivable from futures clearing house and brokers were all aged within 30 days and repayable on demand.

12. PLEDGED DEPOSITS

Pledged deposits represent deposits pledged to bank to secure banking facilities granted to the Group. At the end of reporting period, deposits amounting to approximately HK\$2,015,000 (30 June 2013: HK\$2,013,000) have been pledged to secure bank overdrafts and facilities and are therefore classified as current assets.

Notes to Condensed Consolidated Financial Statements



13. CASH AND BANK BALANCES

The Group maintains trust accounts with banks to deal with clients' monies in the ordinary course of business. At the end of the reporting period, trust monies not otherwise dealt with in the condensed consolidated financial statements amounted to approximately HK\$183,379,000 (30 June 2013: HK\$84,157,000).

14. AMOUNT DUE TO A RELATED COMPANY

On 3 August 2011, Tanrich Financial (Management) Limited ("TFML"), a subsidiary of the Company, entered into an agreement with Union Light Investment Limited ("Union Light") which has obtained credit facility granted by a bank in Hong Kong amounted to HK\$170,000,000 and has agreed to grant such facility to TFML and its subsidiaries for working capital and business development. TFML would subject to the same terms and conditions under the banking facility granted to Union Light. Both Union Light and TFML are under the common directorship of Dr. Yip Man Fan and Mr. Tsunoyama Toru.

On 18 May 2012, the facility was renewed with no change in terms and facility limit. Further on 6 June 2013, the facility was renewed and the facility limit was revised to HK\$150,000,000. The agreement between TFML and Union Light was revised subsequently on 4 July 2013.

During the reporting period, a total amount of HK\$24,000,000 (30 June 2013: HK\$49,000,000) had been utilised by TFML and its subsidiaries under 1 withdrawal (30 June 2013: 3 withdrawals). At 31 December 2013, a balance of HK\$24,000,000 was utilised and outstanding (30 June 2013: HK\$24,000,000). The amount due is unsecured, interest bearing at 2.46% (30 June 2013: 2.46%) per annum and wholly repayable within 3 months. The repayment schedule was rolled-over to 6 March 2014 in February 2014.

Notes to Condensed Consolidated Financial Statements

15. INTEREST-BEARING BORROWINGS

	Unaudited 31 December	Audited 30 June
	2013	2013
	HK\$'000	HK\$'000
Bank loans, secured and wholly repayable within 12 months	18,500	48,500

The bank loans were borrowed principally for the purpose of providing margin financing to clients. The weighted average effective interest rate on the loans was 1.06% (30 June 2013: 1.45%) per annum.

16. ACCOUNTS PAYABLE

		Unaudited 31 December	Audited 30 June
		2013	2013
	<i>Note</i>	HK\$'000	HK\$'000
Accounts payable arising from the ordinary course of business of broking in securities and futures contracts:			
– securities cash clients	<i>(a)</i>	9,621	782
– securities margin clients	<i>(a)</i>	24,349	365
– futures clients	<i>(b)</i>	4,288	4,764
Accounts payable arising from the provision of investment-linked and insurance products agency services	<i>(c)</i>	6,307	2,873
	<i>(d)</i>	44,565	8,784

Notes to Condensed Consolidated Financial Statements



16. ACCOUNTS PAYABLE (continued)

Notes:

- (a) The settlement terms of accounts payable arising from the ordinary course of business of broking in securities in respect of cash clients and margin clients are two or three trading days after the transaction dates.
- (b) Accounts payable arising from the ordinary course of business broking in index, commodity and currency futures contracts and options represent the margin deposits received from clients for their trading in futures contracts and options. The excess over the required margin deposits stipulated are repayable to clients on demand.
- (c) Accounts payable arising from the provision of investment-linked and insurance products agency services are repayable within 30 days.
- (d) Accounts payable are stated net of clients' segregated assets of HK\$190,725,000 (30 June 2013: HK\$89,916,000).
- (e) No ageing analysis is disclosed in respect of accounts payable. In the opinion of the Directors, an ageing analysis does not give additional value in view of the businesses' nature.
- (f) Interest with reference to savings rate of financial institutions is payable to accounts payable arising from the ordinary course of business of securities broking subject to their balances maintained with the Group. All other categories of accounts payable are non-interest-bearing.

17. SHARE CAPITAL

	Unaudited		Audited	
	31 December 2013		30 June 2013	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.1 each	2,000,000	200,000	2,000,000	200,000
Issued and fully paid:				
At beginning and end of period/year	1,191,476	119,147	1,191,476	119,147

Note: During the period/year, no share options granted under the share option scheme were exercised by grantees.

Notes to Condensed Consolidated Financial Statements

18. RESERVES

	Investment revaluation reserve	Share premium	Capital reserve	Foreign exchange reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2013	82,566	9,794	40,836	1,577	(92,156)	42,617
Loss for the period	-	-	-	-	(8,072)	(8,072)
Exchange difference on translation of financial statements of foreign subsidiaries and associates	-	-	-	157	-	157
Change in fair value of available-for-sale financial assets	8,542	-	-	-	-	8,542
Other comprehensive income for the period	8,542	-	-	157	-	8,699
Total comprehensive income for the period	8,542	-	-	157	(8,072)	627
At 31 December 2013 (unaudited)	91,108	9,794	40,836	1,734	(100,228)	43,244
At 1 July 2012	77,482	9,794	40,836	1,275	(59,686)	69,701
Loss for the period	-	-	-	-	(24,163)	(24,163)
Exchange difference on translation of financial statements of foreign subsidiaries and associates	-	-	-	193	-	193
Change in fair value of available-for-sale financial assets	15,533	-	-	-	-	15,533
Other comprehensive income for the period	15,533	-	-	193	-	15,726
Total comprehensive loss for the period	15,533	-	-	193	(24,163)	(8,437)
At 31 December 2012 (unaudited)	93,015	9,794	40,836	1,468	(83,849)	61,264

Notes to Condensed Consolidated Financial Statements



19. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the condensed consolidated financial statements, there were related party transactions entered into by the Group during the period, details of which are set out below:

Related party relationship	Nature of transaction	Unaudited Six months ended 31 December	
		2013 HK\$'000	2012 HK\$'000
Key management personnel, including directors	Short-term employee benefits	6,629	5,908
A related company (<i>Note i</i>)	Licence fee received	(780)	–
	Management fee received	(480)	(480)
	Motor vehicle lease payment	120	120
	Amount due to the Group	3,110	2,045
Union Light (<i>Note ii</i>)	Interest payment	298	216

Note:

- (i) TFML entered into a licence agreement with Tanrich (Hong Kong) Holdings Limited (“THKHL”) (an associate of the Company’s chairman, Dr. Yip Man Fan, who is connected person of the Company) on 16 April 2013, allowing THKHL to occupy and use the office space of the Group’s principal place of business as located at 16th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. The licence is effective from 8 April 2013 with a monthly licence fee of HK\$130,000. Free use period was granted from 8 April 2013 to 5 May 2013.

During the reporting period, the Group charged THKHL management fees of HK\$80,000 per month for the management and personnel supportive services provided by the Group and paid to THKHL lease payments of HK\$20,000 per month for the use of a motor vehicle.

The amount due from THKHL was unsecured, interest-free with no fixed repayment term.

- (ii) The Group paid interest expense of HK\$298,000 to Union Light pursuant to the agreement as detailed in note 14 to the condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements

20. COMMITMENTS

Commitments under operating leases

The Group leases a number of properties under operating leases, which typically run for an initial period of 1 to 3 years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	Unaudited 31 December	Audited 30 June
	2013	2013
	HK\$'000	HK\$'000
Within one year	3,177	7,480
In the second to fifth year inclusive	23	153
	3,200	7,633

Other commitments

In April 2010, the Company entered into a five-year SWAP agreement with a bank in the United Kingdom and with notional amount of US\$10 million. The underlying instrument of the SWAP is a capital guaranteed fund.

Pursuant to the SWAP, the Company is obliged to make quarterly payments to the bank. The amount to be paid is calculated on the notional amount with reference to LIBOR from time to time. Upon maturity of the SWAP, the Company is entitled to receiving the return on the underlying instrument depending on its performance.

The SWAP is accounted for by the Group in accordance with HKAS 39 and included in other financial assets under note 8 to the condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements



21. FAIR VALUE MEASUREMENTS

The following presents the carrying value of financial instruments measured at fair value at 31 December 2013 and 30 June 2013 across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair Value Measurement*, with the fair value of categorised in its entirety based on the lowest level of input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

Assets measured at fair value

	Total	Level 1	Level 2	Level 3
31 December 2013	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Available-for-sale financial assets				
Listed securities in Hong Kong	91,444	91,444	–	–
Other financial assets				
SWAP	6,796	–	6,796	–
Financial assets at fair value through profit or loss				
Listed securities in Hong Kong	6,352	6,352	–	–
Listed securities outside Hong Kong	38	38	–	–

Notes to Condensed Consolidated Financial Statements

21. FAIR VALUE MEASUREMENTS *(continued)*

Assets measured at fair value *(continued)*

	Total	Level 1	Level 2	Level 3
30 June 2013	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Available-for-sale financial assets				
Listed securities in Hong Kong	82,602	82,602	–	–
Other financial assets				
SWAP	5,905	–	5,905	–
Financial assets at fair value through profit or loss				
Listed securities in Hong Kong	7,025	7,025	–	–
Listed securities outside Hong Kong	59	59	–	–
Loans and advances	18,386	–	–	18,386

Movements in Level 3 fair value measurements of financial assets

The movement represents the repayment of loans and advances.

During the period ended 31 December 2013 and 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

Description of the valuation techniques and inputs used in Level 2 fair value measurement

The valuation technique used to determine the fair value of the SWAP is the discounting cashflow based methodologies which is the estimated amount that the issuer would receive or pay to terminate the SWAP agreement at the end of reporting period, taking into account observable interest rates.

Notes to Condensed Consolidated Financial Statements



21. FAIR VALUE MEASUREMENTS *(continued)*

Valuation processes of the Group

The Directors determines the policies and procedures for both recurring and non-recurring fair value measurement. In estimating the fair value of an asset or a liability, the Directors use market-observable data to the extent it is available. Where Level 1 inputs are not available, the Directors would engage third party qualified valuer to perform the valuation for significant assets and liabilities.

22. COMPARATIVE FIGURES

Comparative figures of the condensed consolidated statements of comprehensive income have been reclassified as disclosed in note 2 and note 4 to the condensed consolidated financial statements. Conforming to current period's presentation, expenses of HK\$4,396,000 for the same period of 2012 that was included in employee benefit expenses in 2012/13 Interim Report has been reclassified under brokerage and agency commission under the segment of wealth management, brokerage and margin financing. The revised presentation reflects more appropriately the nature of these items. This reclassification has no effect on the reported financial position, results or cash flows of the Group.

OTHER INFORMATION

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 December 2013, the interests or short positions of the Directors and chief executive 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 ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Interests in Long Positions in the Shares and Underlying Shares of the Company

Name of Directors	Number of ordinary shares held			Number of underlying shares (Note 3)	Total
	Personal interests	Family interests	Other interests		
Dr. Yip Man Fan	102,484,000	30,000,000 (Note 1)	480,000,000 (Note 2)	-	612,484,000
Mr. Kwok Kam Hoi	16,000,000	-	-	-	16,000,000
Mr. Tsunoyama Toru	140,200,000	-	-	-	140,200,000
Ms. Wong, Vicky Lai Ping	7,000,000	-	-	600,000	7,600,000
Mr. Lin Peng	300,000	-	-	600,000	900,000
Mr. Ma, Andrew Chiu Cheung	2,152,000	-	-	-	2,152,000
Mr. Yu King Tin	2,042,000	-	-	-	2,042,000

Notes:

1. Shares are held by Ms. Tang Yuk Lan, the spouse of Dr. Yip Man Fan ("Dr. Yip").
2. Shares are held by discretionary trusts of which Dr. Yip and members of his family are beneficiaries.
3. These interests represent the interests in the underlying shares in respect of share options granted by the Company to the Directors as beneficial owners.

Save as disclosed above, as at 31 December 2013, none of the Directors, the chief executive of the Company or their respective associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



OTHER INFORMATION

Share Option Scheme

At the annual general meeting of the Company held on 12 November 2013, the shareholders of the Company approved the adoption of a new share option scheme (the “2013 Share Option Scheme”) and the termination of the share option scheme which was adopted by the Company on 30 January 2004 (the “2004 Share Option Scheme”). The 2013 Share Option Scheme is valid and effective for 10 years from the date of adoption. Options granted under the 2004 Share Option Scheme prior to such termination will continue to be valid and exercisable in accordance with the rules of the 2004 Share Option Scheme.

During the period under review, no share option was granted under the 2013 Share Option Scheme.

Details of the share options during the six months ended 31 December 2013 under the 2004 Share Option Scheme were as follows:

	Number of shares issuable under the options	Exercise price HK\$	Grant date	Exercise period	Closing price per share immediately before the grant date HK\$
	As at 01/07/2013 and 31/12/2013 (‘000)				
Directors:					
Ms. Wong, Vicky Lai Ping	600	0.3550	14/11/2012	14/11/2013 – 13/11/2022	0.350
Mr. Lin Peng	600	0.3550	14/11/2012	14/11/2013 – 13/11/2022	0.350
Continuous contract employees	2,400	0.1675	04/01/2007	04/01/2008 – 03/01/2017	0.165
	200	0.8880	04/01/2011	04/01/2012 – 03/01/2021	0.840
	1,200	0.3550	14/11/2012	14/11/2013 – 13/11/2022	0.350
Total	5,000				

No share options were granted, exercised, cancelled or lapsed under the 2004 Share Option Scheme during the period under review.

OTHER INFORMATION

Directors' Rights to Acquire Shares or Debentures

Apart from those disclosed in the "Share Option Scheme" above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any Directors or their respective spouses or children under the age of 18, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouses or children under the age of 18 to acquire such rights in any other body corporate.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2013, the persons (other than Directors and chief executive of the Company whose interests or short positions have been disclosed above) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Interests in Long Positions of the Shares of the Company

Name of shareholders	Note	Capacity and nature of interest	Number of ordinary shares held	Approximate % of holding
Fame Harvest Group Limited	1&2	Beneficial owner	480,000,000	40.29%
Bank of East Asia (Trustees) Limited	2	Trustee	480,000,000	40.29%
Ms. Tang Yuk Lan	3	Interest of spouse	612,484,000	51.41%

Notes:

1. Fame Harvest Group Limited, incorporated in the British Virgin Islands, is wholly owned by Bank of East Asia (Trustees) Limited as the trustee of The Yip Man Fan Family Trust (the "Trust"). Dr. Yip is the founder of the Trust.
2. Under Part XV of the SFO, Bank of East Asia (Trustees) Limited is taken to have an interest in the same 480,000,000 ordinary shares held by Fame Harvest Group Limited on trust for the Trust. These shares are the same block of shares.
3. Ms. Tang Yuk Lan is the spouse of Dr. Yip. Under Part XV of the SFO, each of Dr. Yip and Ms. Tang Yuk Lan is taken to have an interest in the shares held by each other. These shares therefore duplicate each other.

Save as disclosed above, as at 31 December 2013, the Company had not been notified of any substantial shareholders (other than Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company that were recorded in the register required to be kept under Section 336 of the SFO.



OTHER INFORMATION

Updates on Directors' Information under Rule 13.51B(1) of the Listing Rules

Change of information of the Directors, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

1. Dr. Lam, Andy Siu Wing, JP, ("Dr. Lam") retired as an independent non-executive Director of the Company after the conclusion of the annual general meeting of the Company held on 12 November 2013. Dr. Lam ceased to be the chairman of the audit committee, a member of the remuneration committee and the nomination committee of the Company with effect from 12 November 2013.
2. Mr. Lam Kwok Cheong ("Mr. Lam") was appointed as an independent non-executive Director of the Company with effect from 12 November 2013. Mr. Lam was also appointed as a member of the audit committee, the remuneration committee and the nomination committee of the Company respectively with effect from 12 November 2013.
3. Mr. Ma, Andrew Chiu Cheung ("Mr. Ma") was appointed as the chairman of the audit committee of the Company with effect from 12 November 2013. Due to such appointment, the emolument of Mr. Ma has been increased to HK\$226,800 per annum with effect from 12 November 2013.

Mr. Ma retired as an independent non-executive director of Asian Citrus Holdings Limited (HKSE stock code: 73) with effect from 12 November 2013.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Corporate Governance

The Company has complied with all the provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the interim period.

Social Responsibility

The Group not only regards corporate social responsibility as our obligation but also an opportunity to promote the spirit of care and love. Therefore, the Group has been participating in a diverse range of social development programs to make our community a better place to live and create an inclusive and harmonious society. The Group has established its principle of social responsibility under two pillars, namely community and environment.

OTHER INFORMATION

Social Responsibility *(continued)*

In the aspect of community, the Group has been maintaining a long-term relationship with social welfare organization, empowering underprivileged groups. During the reporting period, the Group was committed to serve the grassroots children in Kowloon City. The Group's corporate volunteer team visited "Vegetable Garden" on the roof and "HK Wetland Park" in Tin Shui Wai with those children, widening their horizons and teaching them about the nature and environment protection through the activities. The Group's efforts has gained widespread recognition and accordingly has been awarded as the "Heart to Heart Company" by the Hong Kong Federation of Youth Groups for 5 consecutive years.

Furthermore, the Group strives to improve energy-efficiency and reduce waste, continuously support environmental protection activities and promote awareness to employees. The Group signed the "Count me in for Waste Reduction" pledge introduced by The Conservancy Association, undertaking that the Group will set an example to reduce waste at source and pay relentless efforts to reduce unnecessary waste in office by executing waste reduction measures. The Group's efforts in environment protection have been recognized and rewarded by the society. This is the second consecutive year in which the Group was awarded the Energywise and Wastewise Labels and also the second consecutive year in which the Group was awarded the "Certificate of Merit" of Financial, Legal and Business Consulting Services Sector in the programme of "Hong Kong Environmental Excellence". The Group will maintain its dedicated efforts in adopting green practices and become Green Enterprise.

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry with each Director and was confirmed that all Directors have complied with the required standard set out in the Model Code during the six months ended 31 December 2013.

Purchase, Sale or Redemption of Securities

During the six months ended 31 December 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company.

Review of Interim Financial Statements

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited condensed consolidated financial statements for the six months ended 31 December 2013 ("Interim Financial Statements"), in conjunction with the external auditor of the Company. The Audit Committee is satisfied that the Interim Financial Statements have been prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the six months ended 31 December 2013.

By order of the Board

Kwok Kam Hoi

Deputy Chairman and Chief Executive Officer

Hong Kong, 21 February 2014