

TANRICH

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

Stock Code: 812



12/13 INTERIM REPORT

* For identification purpose only

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Dr. YIP Man Fan (*Chairman*)

Mr. KWOK Kam Hoi

(*Deputy Chairman & Chief Executive Officer*)

Mr. TSUNOYAMA Toru

Ms. WONG, Vicky Lai Ping

Mr. LIN Peng

Independent Non-executive Directors

Dr. LAM, Andy Siu Wing, JP

Mr. MA, Andrew Chiu Cheung

Mr. YU King Tin

Audit Committee

Dr. LAM, Andy Siu Wing, JP (*Chairman*)

Mr. MA, Andrew Chiu Cheung

Mr. YU King Tin

Remuneration Committee

Mr. YU King Tin (*Chairman*)

Dr. LAM, Andy Siu Wing, JP

Mr. MA, Andrew Chiu Cheung

Mr. TSUNOYAMA Toru

Ms. WONG, Vicky Lai Ping

Nomination Committee

Dr. YIP Man Fan (*Chairman*)

Dr. LAM, Andy Siu Wing, JP

Mr. MA, Andrew Chiu Cheung

Mr. YU King Tin

Ms. WONG, Vicky Lai Ping

Authorised Representative

Mr. KWOK Kam Hoi

Ms. YUEN, Callie Suk Ling

Company Secretary

Ms. YUEN, Callie Suk Ling

Registered Office

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2 Church Street

Hamilton HM11

Bermuda

Head Office and Principal Place of Business in Hong Kong

16th Floor, Central Plaza

18 Harbour Road

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Hong Kong

Bermuda Principal Share Registrar	Butterfield Fulcrum Group (Bermuda) Limited 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
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 2012 together with the comparative figures for the preceding interim period ended 31 December 2011 as set out on pages 9 to 32 to this report.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the year ending 30 June 2013 (*2012: Nil*).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

Under the inflationary pressure in all aspects, the Group adopted a stringent and effective cost control measures, resulting in a significant drop of HK\$9.0 million in operating cost. The Group recorded a turnover of HK\$29.0 million (*2011: HK\$31.1 million*) and a loss before taxation of HK\$24.2 million (*2011: HK\$22.9 million*). The turnover decreased slightly compared to the corresponding period of last year. The net assets of the Group decreased slightly to HK\$180.4 million.

Wealth management, brokerage and margin financing

During the reviewing period, the debt crisis was relieved temporarily due to Greece and other European countries’ implementation of austerity and bailout measures. U.S. “Fiscal Cliff” and the “18th National Congress” of the PRC government became the market concerns and focus. Despite the momentum of global economic recovery in the fourth quarter of 2012, the average daily turnover of Hong Kong securities market declined to HK\$51.1 billion by 22% compared to HK\$65.8 billion in the corresponding period of last year, resulted from unsatisfactory market performance and weak trading volume.

In view of gradually stable financial market and global economy, the turnover generated from the wealth management, brokerage and margin financing merely decreased 3% to HK\$25.0 million (*2011: HK\$25.7 million*) during the reviewing period.

Wealth management, brokerage and margin financing (continued)

Income from margin financing on general securities dealing and initial public offerings activities (“IPO”) has increased. However, the brokerage income slipped as a result of the decreasing turnover of Hong Kong securities market, offsetting the increase in interest income from margin financing. For future broking business, turnover rose substantially to HK\$8.1 million (2011: HK\$2.5 million) due to increase in the number of new clients and our provision of day trade margin services for established clients. Furthermore, the turnover of wealth management business recorded HK\$3.0 million (2011: HK\$5.6 million). It is expected that this business will bring additional revenue to the Group in the coming period in line with the implementation of the Employee Choice Arrangement (“ECA”) during November 2012 and expansion of existing investment immigration business.

Insurance agency

During the reviewing period, the insurance team accelerated its pace of business development by cooperating with local and overseas insurance business alliances to provide superior and comprehensive product and service offerings, focusing on the development of regular saving plan in Japan market as well as serving high net worth clients. The insurance business achieved satisfactory performance with a considerable increase of 132% in turnover, reaching HK\$10.1 million (2011: HK\$4.4 million). It is expected that this division will continue to expand its business network and will make a greater contribution to the Group in the coming period.

Corporate finance

Though the IPO and other equity fund raising exercises was downsized, delayed and even withdrawn due to market slump, the IPO and other equity fund raising exercises resumed active while the market sentiment and corporate confidence improved. The turnover increased to HK\$4.1 million (2011: HK\$2.2 million) by 90%. The team is now following up several IPO and placing projects. The Group is optimistic to the prospect of this business and believes that income derived from corporate finance business will continue to grow in the coming period.

Asset management

Given that this division is still in the developing stage, it is expanding its realm of asset management business, exploring and identifying more strategic business partners as well as provides customized services to cater various clients’ needs. Furthermore, this division is discussing several projects with potential clients, expecting that it will bring revenue to the Group in the coming period.

Money lending

Continuous effort has been made to follow up the legal proceeding to recover the loans and advances to Cheung Wan (Groups) Energy Development Limited (“Cheung Wan”) and its subsidiary. During the period, the Group has made further provision for the fair value loss to reflect the expected drop in recoverable amount. For details, please refer to note 11 to condensed consolidated financial statements.

Proprietary trading

Segment loss of proprietary trading business recorded HK\$10.2 million (2011: loss of HK\$1.9 million) during the period. The loss was mainly attributable to the high volatility of the securities and futures market. In which, substantial loss was incurred in futures market and such trading has been temporarily suspended since late 2012.

Prospects

Given that the global economy shows signs of recovery, it is believed that market confidence will gradually improve as a result of loose monetary policies adopted by many countries and more policies and measures introduced after “18th National Congress” by the PRC government to stimulate economic growth.

Encountering intense competition in the industry in recent years, the Group successfully broadens sources of income, reduces the operating cost and expenditure as well as practices stringent and effective cost control measures. The Group is now strategically developing diversified products and services, maintaining competitive edges in the industry and further increasing its market share.

While the first renminbi (RMB)-traded equity security and first deliverable RMB Currency Futures was listed on The Stock Exchange of Hong Kong Limited, Hong Kong was transformed to an offshore RMB centre. The Group is well-prepared to cater for such development and seize the emerging opportunities.

Furthermore, the Group continues to apply for setting up insurance broking company in the Mainland through “Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)” for the purpose of expanding its insurance broking business in China and diversifying business and income streams.

A series of marketing programs will be introduced to favor existing and new clients. Through different marketing activities, the Group’s brand image and market position will be consolidated and more quality and potential clients will be attracted.

Looking ahead, the Group is cautiously optimistic to the future market development. With the pursuit of long-term growth strategy, the Group will achieve steady business growth by further strengthening its business development and capturing opportunities ahead.

Financial review

Liquidity, financial resources and gearing ratio

As at 31 December 2012, the Group had total cash and bank balances of HK\$40.9 million (30 June 2012: HK\$35.2 million), while net current assets decreased to HK\$55.4 million (30 June 2012: HK\$79.8 million). The current ratio as a ratio of current assets to current liabilities was 1.4 (30 June 2012: 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 bank borrowings of HK\$100.5 million (30 June 2012: HK\$85.5 million) and resulting in gearing ratio of 56% (30 June 2012: 45%). Gearing ratio represents the ratio of total borrowings to the total equity of the Group. The bank 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 2012, the Group had aggregate banking facilities of HK\$396.1 million. The drawdown of certain banking facilities of HK\$390.6 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 and other financial assets of HK\$114.9 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 and subsidiaries. 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 2012.

Contingencies

The Group has no material contingent liabilities as at 31 December 2012.

Commitments

As at 31 December 2012, the Group had no material capital commitment.

Exposure to fluctuations in exchange rates and related hedges

As at 31 December 2012, the Group has no material exposure to fluctuations in exchange rates.

Changes since 30 June 2012

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 2012.

Employees

As at 31 December 2012, the Group had a total of 156 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 is also entitled to the year-end and the performance discretionary bonuses. The Company has 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 for claiming Continuous Professional Training hours for the licensed persons.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Unaudited Six months ended 31 December	
		2012 HK\$'000	2011 HK\$'000
Turnover and revenue	2	28,989	31,081
Other revenue and gains	3	3,443	3,880
Employee benefit expenses	4	(23,459)	(27,871)
Depreciation and amortisation		(668)	(672)
Brokerage and agency commission	2	(12,466)	(7,684)
Other operating expenses	4	(19,069)	(20,692)
Finance costs	4	(812)	(739)
Share of result of an associate		(118)	(198)
Share of results of jointly controlled entities		(3)	(18)
Loss before tax	4	(24,163)	(22,913)
Income tax expense	5	–	–
Loss for the period		(24,163)	(22,913)
Other comprehensive income (loss)			
Exchange difference on translation of financial statements of foreign subsidiaries and an associate		193	(12)
Available-for-sale financial assets			
Fair value gain released on disposal		–	(111)
Change in fair value		15,533	(28,737)
Other comprehensive income (loss) for the period		15,726	(28,860)
Total comprehensive loss for the period		(8,437)	(51,773)
Loss for the period attributable to equity holders of the Company		(24,163)	(22,913)
Total comprehensive loss for the period attributable to equity holders of the Company		(8,437)	(51,773)
Loss per share			
– Basic (HK cents)	6	(2.03)	(1.94)
– Diluted (HK cents)	6	(2.03)	(1.94)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 31 December	Audited 30 June
		2012	2012
	Note	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		1,471	1,927
Intangible assets		120	150
Interests in an associate	7	730	811
Interests in jointly controlled entities	8	910	913
Available-for-sale financial assets	9	97,368	81,836
Other financial assets	10	20,508	19,563
Other non-current assets		3,898	3,582
Loans and advances	11	50	244
		125,055	109,026
Current assets			
Loans and advances	11	11,267	13,660
Financial assets at fair value through profit or loss	12	7,652	6,450
Accounts receivable	13	112,606	131,312
Deposits, prepayments and other receivables		7,123	7,028
Pledged deposits	14	2,008	2,007
Cash and bank balances	15	40,879	35,211
		181,535	195,668
Current liabilities			
Interest-bearing borrowings	16	100,500	85,500
Accounts payable	17	15,426	20,417
Other payables and accrued charges		10,253	9,603
Tax payable		–	326
		126,179	115,846
Net current assets		55,356	79,822
NET ASSETS		180,411	188,848
Capital and reserves			
Share capital	18	119,147	119,147
Reserves	19	61,264	69,701
Equity attributable to equity holders of the Company and TOTAL EQUITY		180,411	188,848

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 31 December	
	2012 HK\$'000	2011 HK\$'000
Net cash from operating activities	4,896	20,649
Net cash from (used in) investing activities	773	(249)
Net cash from financing activities	–	2,025
Net increase in cash and cash equivalents	5,669	22,425
Cash and cash equivalents at beginning of period	37,218	24,217
Effect on exchange rate changes	–	140
Cash and cash equivalents at end of period	42,887	46,782
Analysis of balances of cash and cash equivalents		
Cash and bank balances	40,879	44,775
Pledged deposits	2,008	2,007
	42,887	46,782

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Six months ended 31 December	
	2012 HK\$'000	2011 HK\$'000
Total equity at 1 July	188,848	268,840
Total comprehensive loss for the period	(8,437)	(51,773)
Issue of shares under share option schemes	–	2,025
Total equity at 31 December	180,411	219,092

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 2012 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 2012. 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 2012.

Future changes in Hong Kong Financial Reporting Standards (“HKFRSs”)

The Group has not early adopted any new and 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 and to allocate resources to those segments based on the Group’s internal reporting in respect of these segments.

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 which are all operating in Hong Kong. The Group did not operate in any other geographical locations during both periods.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENT INFORMATION (continued)

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	(2,098)	(8,768)	(1,190)	-	-	(410)	-	(12,466)
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 jointly controlled entities								(3)
Loss for the period								(24,163)

Six months ended 31 December 2011 (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	25,742	4,351	2,170	150	519	(1,851)	-	31,081
Brokerage and agency commission	(3,595)	(3,781)	-	-	-	(308)	-	(7,684)
Results	(8,120)	(955)	(1,559)	(957)	(1,613)	(1,931)	(873)	(16,008)
Unallocated income and expenses								(6,686)
Finance costs								(3)
Share of result of an associate								(198)
Share of results of jointly controlled entities								(18)
Loss for the period								(22,913)

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 2012. 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 jointly controlled entities 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	
	2012 HK\$'000	2011 HK\$'000
Dividend income from equity investments	1,593	1,776
Interest income	945	1,194
Gains on disposal of available-for-sale financial assets	–	111
Management fee income	480	480
Sundry income	425	319
	3,443	3,880

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. LOSS BEFORE TAX

	Unaudited Six months ended 31 December	
	2012 HK\$'000	2011 HK\$'000
This is stated after charging:		
(a) Employee benefit expenses		
Salaries, commission and allowances	22,868	27,352
Contributions to retirement benefits schemes	591	519
	23,459	27,871
(b) Other operating expenses include:		
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	593	737
Other interest expenses	219	2
	812	739

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. INCOME TAX EXPENSE

	Unaudited Six months ended 31 December	
	2012 HK\$'000	2011 HK\$'000
<i>Current income tax:</i>		
Hong Kong Profits Tax	–	–

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purpose for the six months ended 31 December 2012 and 2011. In the opinion of the Directors, the Group is not subject to taxation in any other jurisdictions.

6. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the loss attributable to the equity holders of the Company for the six months ended 31 December 2012 of HK\$24,163,000 (2011: HK\$22,913,000).

The calculation of the number of shares for determining the basic and diluted loss per share attributable to equity holders of the Company is based on the following data:

	Unaudited Six months ended 31 December	
	2012 '000	2011 '000
Weighted average number of ordinary shares for the purposes of computation of basic loss per share	1,191,476	1,180,514
Effect of dilutive potential ordinary shares for share options issued by the Company	1,331	–
Weighted average number of ordinary shares for the purposes of computation of diluted loss per share	1,192,807	1,180,514

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. LOSS PER SHARE *(continued)*

Diluted loss per share for the six months ended 31 December 2012 is the same as the basic loss per share as the effect of the conversion of the Company's share options would be anti-dilutive.

7. INTERESTS IN AN ASSOCIATE

	Unaudited 31 December	Audited 30 June
	2012	2012
	HK\$'000	HK\$'000
Share of net assets	730	811
Goodwill	2,774	2,774
Provision for impairment loss	(2,774)	(2,774)
	730	811

The investment in an associate represents 38.27% (30 June 2012: 38.27%) of the issued ordinary share capital of FundStreet AG ("FundStreet"), a company engaged in fund management in Switzerland which is incorporated in Zurich, Switzerland. The associate has its financial year ended on 31 December. For the purpose of Group consolidation, its management accounts for the six months ended 31 December 2012 have been equity accounted for in the financial statements.

8. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	Unaudited 31 December	Audited 30 June
	2012	2012
	HK\$'000	HK\$'000
Share of net assets	910	913

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(continued)*

Details of the Group's interests in the jointly controlled entities are as follows:

Name of jointly controlled entities	Place of incorporation/ operation	Particulars of issued and paid up ordinary share capital	Percentage of equity interests attributable to the Group			Principal activities
			Group's effective interest	Held by the Group	Held by an associate	
Tanrich-FundStreet Limited ("TFSL")	Hong Kong/ Hong Kong	HK\$2,000,000	64%	51%	35%	Fund management
Tanrich Fund Investment Management (Cayman) Limited, a wholly owned subsidiary of TFSL	Cayman Islands/ Hong Kong	US\$10,000	64%	51%	35%	Not yet commenced business

Pursuant to the memorandum of understanding entered into between the Group and FundStreet, the board of directors of TFSL is to be composed of five members, of which two directors are appointed by the Group. Any change to the board composition is to be mutually agreed by all shareholders of TFSL. As a result, TFSL is not considered as a subsidiary of the Group as the Group has no control over its financial and operating policy decision.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Unaudited 31 December	Audited 30 June
	2012	2012
	HK\$'000	HK\$'000
Non-current		
Equity investment – unlisted, at cost	14,339	14,339
Impairment loss	(10,021)	(10,021)
	4,318	4,318
Equity investments – listed in Hong Kong, at fair value <i>(Note)</i>	93,050	77,518
	97,368	81,836

Note: Fair values are determined with reference to quoted market bid prices.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(continued)*

The Group has pledged listed investments of aggregate carrying amount of approximately HK\$93,050,000 (30 June 2012: HK\$73,896,000) 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%	Owns and operates the only stock exchange and futures exchange in Hong Kong, and their related clearing houses

10. OTHER FINANCIAL ASSETS

	Unaudited 31 December 2012 HK\$'000	Audited 30 June 2012 HK\$'000
Held-to-maturity financial assets, unlisted	14,605	14,614
Derivatives – total return swap agreement (“SWAP”) designated as at fair value through profit or loss	5,006	4,051
Embedded derivative designated as at fair value through profit or loss upon initial recognition	897	898
	20,508	19,563

The Group has pledged other financial assets of HK\$15,502,000 (30 June 2012: HK\$15,512,000) to a bank as collateral for the banking facilities granted to the Group.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. LOANS AND ADVANCES

	Unaudited 31 December 2012			Audited 30 June 2012		
	At fair value	At amortised cost	Total	At fair value	At amortised cost	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loans and advances						
Unsecured	–	459	459	–	596	596
Secured	18,370	282	18,652	18,382	420	18,802
	18,370	741	19,111	18,382	1,016	19,398
Change in fair value/ Allowance for bad and doubtful debts	(7,600)	(194)	(7,794)	(5,300)	(194)	(5,494)
	10,770	547	11,317	13,082	822	13,904
Current portion of loans and advances	(10,770)	(497)	(11,267)	(13,082)	(578)	(13,660)
	–	50	50	–	244	244

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 2012: nil to 5%) and are within the respective maturity dates (30 June 2012: within the respective maturity dates).

Change in fair value/Allowance for bad and doubtful debts

	Unaudited 31 December 2012			Audited 30 June 2012		
	Fair value loss	Bad and doubtful debts	Total	Fair value loss	Bad and doubtful debts	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At beginning of period/year	5,300	194	5,494	–	194	194
Increase (Note 1)	2,300	–	2,300	5,300	–	5,300
At end of period/year	7,600	194	7,794	5,300	194	5,494

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. LOANS AND ADVANCES *(continued)*

Change in fair value/Allowance for bad and doubtful debts *(continued)*

- (i) The amount represented fair value loss on a loan advanced by a subsidiary of the Company to Cheung Wan (Groups) Energy Development Limited (“Cheung Wan”) and its subsidiary. Under the loan agreement, the loan would become due on 31 March 2013. The details of the loan have been set out in the announcements of the Company dated 31 March 2011 and the Company’s 2011 annual report.

As detailed in the Company’s public announcement dated 17 December 2011, the subsidiary of Cheung Wan received a notice from the local authority for a proposed suspension of its mining business. The Company holds the view that the notice constitutes a breach of warranties under the loan agreement as a default that materially and adversely affects the business of Cheung Wan, its financial condition or its ability to perform its obligations under the loan agreement.

Due to the said material breaches of the loan agreement, efforts were already made to recover and to initiate legal proceedings.

Fair value loss has been recognised to reflect the expected recoverable amount after having assessed the financial information of the two borrowers and taking into consideration the view of the legal adviser.

- (ii) The Directors assessed the fair value/recoverability of loans and advances at the end of the reporting period individually with reference to borrowers’ past collection history and current creditworthiness. An aggregate amount due from borrowers of HK\$7,794,000 (*30 June 2012: HK\$5,494,000*) was determined to be impaired as a result of the assessment. In the Directors’ opinion, there was no indication of deterioration in the collectability of the remaining amount of HK\$11,317,000 (*30 June 2012: HK\$13,904,000*) and thus no additional allowance was considered necessary.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited 31 December	Audited 30 June
	2012	2012
	HK\$'000	HK\$'000
Listed securities in Hong Kong	7,503	6,326
Listed securities outside Hong Kong	149	124
	7,652	6,450

Fair values of the listed securities are determined with reference to quoted market bid prices.

The Group has pledged certain listed securities of approximately HK\$6,352,000 (30 June 2012: HK\$5,224,000) to a bank as collateral for the banking facilities granted to the Group.

13. ACCOUNTS RECEIVABLE

		Unaudited 31 December	Audited 30 June
		2012	2012
	<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>	6,302	5,006
– securities margin clients	<i>(b)</i>	93,287	90,727
– securities subscription clients	<i>(c)</i>	–	1,045
– securities and options clearing houses and brokers	<i>(c)</i>	733	9,858
– futures clearing house and brokers	<i>(d)</i>	11,499	22,152
Accounts receivable arising from the provision of corporate finance advisory services		573	1,523
Accounts receivable arising from the provision of unit trusts and investment-linked products agency services		212	1,001
		112,606	131,312

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. 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, unit trusts and investment-linked products agency services are repayable within 30 days.

Note:

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

	Unaudited 31 December 2012 HK\$'000	Audited 30 June 2012 HK\$'000
Current	17	20
Overdue:		
– Within 30 days	4,188	3,156
– 31 – 90 days	–	–
– 91 – 180 days	–	–
– Over 180 days	3,097	2,830
	7,302	6,006
Allowance for bad and doubtful debt	(1,000)	(1,000)
	6,302	5,006

Provision was made for overdue receivables from cash clients as at 31 December 2012 and 30 June 2012.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. ACCOUNTS RECEIVABLE *(continued)*

Note: *(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
	2012	2012
	HK\$'000	HK\$'000
Current	63,170	29,238
Overdue:		
– Within 30 days	16,982	17,349
– 31 – 90 days	55	31,026
– 91 – 180 days	–	–
– Over 180 days	13,080	13,114
	93,287	90,727

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\$323,553,000 (30 June 2012: HK\$314,269,000).

No provision was made for overdue receivables from margin clients as at 31 December 2012 and 30 June 2012.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. ACCOUNTS RECEIVABLE *(continued)*

Note: (continued)

- (c) At the end of the reporting period, the accounts receivable from securities subscription clients, 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 consolidated financial statements amounted to HK\$1,416,000 *(30 June 2012: HK\$1,451,000)*.

- (d) 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\$2,239,000 *(30 June 2012: HK\$1,305,000)* which was not dealt with in the 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.

14. PLEDGED DEPOSITS

Pledged deposits represent deposits pledged to a bank to secure banking facilities granted to the Group. At the end of the reporting period, deposits amounting to approximately HK\$2,008,000 *(30 June 2012: HK\$2,007,000)* have been pledged to secure bank overdrafts and undrawn facilities and are therefore classified as current assets.

15. 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 consolidated financial statements amounted to approximately HK\$104,886,000 *(30 June 2012: HK\$156,256,000)*.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. INTEREST-BEARING BORROWINGS

	Unaudited 31 December	Audited 30 June
	2012	2012
	HK\$'000	HK\$'000
Floating rate bank loans, secured and wholly repayable within 12 months	100,500	85,500

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 1.72% per annum (30 June 2012: 1.54% per annum).

17. ACCOUNTS PAYABLE

		Unaudited 31 December	Audited 30 June
		2012	2012
	<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>	3,259	7,919
– securities margin clients	<i>(a)</i>	–	652
– futures clients	<i>(b)</i>	10,207	10,314
– clearing house and securities brokers		1,452	–
Accounts payable arising from the provision of unit trusts and investment-linked products agency services	<i>(c)</i>	508	1,532
	<i>(d)</i>	15,426	20,417

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. ACCOUNTS PAYABLE *(continued)*

Note:

- (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 represent the margin deposits received from clients for their trading in futures contracts. The excess over the required margin deposits stipulated are repayable to clients on demand.
- (c) Accounts payable arising from the provision of unit trusts and investment-linked products agency services are repayable within 30 days.
- (d) Accounts payable are stated net of clients' segregated assets of HK\$108,541,000 (*30 June 2012: HK\$159,012,000*).
- (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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. SHARE CAPITAL

	Unaudited 31 December 2012		Audited 30 June 2012	
	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 of period/year	1,191,476	119,147	1,179,252	117,925
Issue of shares under share option schemes <i>(i)</i>	-	-	12,224	1,222
At end of period/year	1,191,476	119,147	1,191,476	119,147

Note:

- (i) During the period, no share options granted under the share option schemes were exercised by grantees.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. RESERVES

	Attributable to equity holders of the Company							
	Investment revaluation reserve	Share premium	Capital reserve	Share option reserve	Warrants reserve	Foreign exchange reserve	(Accumulated losses) Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2012	77,482	9,794	40,836	-	-	1,275	(59,686)	69,701
Exchange difference on translation of financial statements of foreign subsidiaries and an associate	-	-	-	-	-	193	-	193
Available-for-sale financial assets								
Change in fair value	15,533	-	-	-	-	-	-	15,533
Total comprehensive loss for the period	-	-	-	-	-	-	(24,163)	(24,163)
At 31 December 2012								
(unaudited)	93,015	9,794	40,836	-	-	1,468	(83,849)	61,264
At 1 July 2011	116,899	6,079	40,836	536	2,000	1,278	(16,713)	150,915
Lapse of share option	-	-	-	(23)	-	-	23	-
Issue of shares under share option schemes	-	2,268	-	(513)	-	-	-	1,755
Total comprehensive loss for the period	(28,848)	-	-	-	-	(12)	(22,913)	(51,773)
At 31 December 2011								
(unaudited)	88,051	8,347	40,836	-	2,000	1,266	(39,603)	100,897

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the 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	
		2012 HK\$'000	2011 HK\$'000
Key management personnel, including directors	Short-term employee benefits	5,908	6,513
A related company (<i>Note i</i>)	Management fee received	(480)	(480)
	Office expenses paid on behalf	–	198
	Motor vehicle lease payment	120	120
	Amount due to the Group	2,045	2,326
Union Light Investment Limited (<i>Note ii</i>)	Interest payment	216	–

Note:

- (i) During the period, the Group charged and paid to a related company, Tanrich (Hong Kong) Holdings Limited (“THKHL”), management fee of HK\$80,000 per month and lease payment of HK\$20,000 per month for the management and personnel supportive services provided by the Group and for the use of a motor vehicle respectively. The amount due from THKHL to the Group was unsecured, interest-free with no fixed repayment term. THKHL is controlled by a combination of certain directors of the Company.
- (ii) 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”), under the common directorship of Dr. Yip Man Fan and Mr. Tsunoyama Toru, 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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. RELATED PARTY TRANSACTIONS *(continued)*

Note: (continued)

(ii) *(continued)*

During the year, a total amount of HK\$29,000,000 had been utilised by TFML and its subsidiary under 2 withdrawals. The Group paid interest expense of HK\$216,000 to Union Light. The loan was HK\$24,000,000 at the end of the reporting period.

21. 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
	2012	2012
	HK\$'000	HK\$'000
Within one year	11,007	11,000
In the second to fifth year inclusive	3,685	9,183
	14,692	20,183

Other commitments

In April 2010, the Company entered into the 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 accordingly and included in other financial assets under note 10 in the Condensed Consolidated Statement of Financial Position.

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 2012, 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 <i>(Note 3)</i>	Total
	Personal interests	Family interests	Other interests		
Dr. Yip Man Fan	79,484,000	30,000,000 <i>(Note 1)</i>	480,000,000 <i>(Note 2)</i>	-	589,484,000
Mr. Kwok Kam Hoi	19,700,000	-	-	-	19,700,000
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	-	-	-	600,000	600,000
Dr. Lam, Andy Siu Wing, JP	2,152,000	-	-	-	2,152,000
Mr. Ma, Andrew Chiu Cheung	2,152,000	-	-	-	2,152,000
Mr. Yu King Tin	2,042,000	-	-	-	2,042,000

Notes:

- Shares are held by Ms. Tang Yuk Lan, the spouse of Dr. Yip Man Fan ("Dr. Yip").
- Shares are held by discretionary trusts of which Dr. Yip and members of his family are beneficiaries.
- 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 2012, 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.

Share Option Scheme

The Company operates a share option scheme, which was adopted on 30 January 2004 (the "Share Option Scheme"). Movements of the share options for the period ended 31 December 2012 under the 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 01/07/2012	Granted during the period	Exercised during the period	Lapsed during the period	As at 31/12/2012				
	('000)	('000)	('000)	('000)	('000)				
<i>(Note 1)</i>									
Directors:									
Ms. Wong, Vicky Lai Ping	-	600	-	-	600	0.3550	14/11/2012	14/11/2013 – 13/11/2022	0.350
Mr. Lin Peng	-	600	-	-	600	0.3550	14/11/2012	14/11/2013 – 13/11/2022	0.350
Continuous contract employees	2,400	-	-	-	2,400	0.1675	04/01/2007	04/01/2008 – 03/01/2017	0.165
	100	-	-	(100)	-	0.1405	14/05/2009	14/05/2010 – 13/5/2019	0.140
	200	-	-	-	200	0.8880	04/01/2011	04/01/2012 – 03/01/2021	0.840
	-	1,200	-	-	1,200	0.3550	14/11/2012	14/11/2013 – 13/11/2022	0.350
Total	2,700	2,400	-	(100)	5,000				

Notes:

- Share options had lapsed in accordance with the terms and conditions of the Share Option Scheme following the resignation of employees.
- No share options were exercised or cancelled during the period.

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 2012, 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 in 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	589,484,000	49.48%

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 480,000,000 ordinary shares held by Fame Harvest Group Limited. 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 2012, the Company had not been notified of any substantial shareholders (other than Directors and chief executive of the Company) who had an 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.

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 were set out below:

1. The salary of Dr. Yip has been decreased to HK\$1,088,640 per annum with effect from 1 August 2012. With effect from 1 January 2013, the entitlement of performance bonus of Dr. Yip has been decreased to 8% of the profit after taxation when the profit after taxation is equal to or more than HK\$10 million for any financial year. The revised salary and performance bonus of Dr. Yip have been approved by the Remuneration Committee of the Company.
2. The salary of Mr. Kwok Kam Hoi ("Mr. Kwok") has been decreased to HK\$1,105,920 per annum with effect from 1 August 2012. With effect from 1 January 2013, the entitlement of performance bonus of Mr. Kwok has been decreased to 6% of the profit after taxation when the profit after taxation is equal to or more than HK\$10 million for any financial year. The revised salary and performance bonus of Mr. Kwok have been approved by the Remuneration Committee of the Company.
3. With effect from 1 August 2012, the salary of Mr. Tsunoyama Toru ("Mr. Tsunoyama") has been decreased to HK\$967,680 per annum. The revised salary of Mr. Tsunoyama has been approved by the Remuneration Committee of the Company.
4. The salary of Ms. Wong, Vicky Lai Ping ("Ms. Wong") has been decreased to HK\$807,840 per annum with effect from 1 August 2012. With effect from 1 January 2013, the salary of Ms. Wong has been increased to HK\$1,009,800 per annum and the entitlement of performance bonus of Ms. Wong has been adjusted to 5% of the profit after taxation when the profit after taxation is equal to or more than HK\$10 million for any financial year. The revised salaries and performance bonus of Ms. Wong have been approved by the Remuneration Committee of the Company.
5. Mr. Lin Peng ("Mr. Lin") has been appointed as an executive director of the Company with effect from 15 October 2012. With effect from 1 January 2013, the salary of Mr. Lin has been increased to HK\$1,200,000 per annum. Mr. Lin is also entitled to a performance bonus equivalent to 5% of the profit after taxation when the profit after taxation is equal to or more than HK\$10 million for any financial year. The revised salary and performance bonus of Mr. Lin have been approved by the Remuneration Committee of the Company.
6. Dr. Lam, Andy Siu Wing, JP, resigned as an independent non-executive director of China Packaging Group Company Limited (stock code: 572) with effect from 20 February 2013.

Updates on Directors' information under Rule 13.51B(1) of the Listing Rules *(continued)*

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

Corporate governance

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

Social responsibility

Social responsibility is indispensable in the Group's operating principles. The Group is committed to lead by example in practicing sustainability. Our corporate volunteer team participated volunteer services at Hong Kong Federation of Youth Groups Organic Farm in Yuen Long, paying an effort on environmental protection. The Group also adopted a series of environmental measures in office, with energy saving and waste reduction being the goals. Significant results have been achieved with the cooperation of different departments since implementation of the measures. The Group successfully reduced 10% waste and 3% annual electricity consumption compared with the corresponding period of last year, fulfilling the requirements of the "Hong Kong Awards for Environmental Excellence". After evaluation, the Group was successfully awarded Enegywise and Wastewise Labels, indicating its effective measures on energy saving, waste reduction and environmental improvement.

Furthermore, while supporting volunteering to build up a harmonious community and contribute to the society development, the Group invested a lot of resources in education. The Group placed strong emphasis on students' moral education, dedicated to cultivate the next generation to become good citizens with care and service to the community and the socially disadvantaged. The Group was awarded as the "Heart to Heart Company" by the Hong Kong Federation of Youth Groups for four consecutive years in recognition of its efforts over the years. The Group also sponsored the Fresh Fish Traders' School's "Academic Improvement Awards in the First Term" for the second year to reward students with outstanding academic performance.

Model code of listing rules

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 2012.

Purchase, sale or redemption of securities

During the six months ended 31 December 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares in 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 2012 (“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 2012.

By order of the Board

Kwok Kam Hoi

Deputy Chairman and Chief Executive Officer

Hong Kong, 27 February 2013