NEPTUNE GROUP LIMITED
海王國際集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00070)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

The Board of Directors (the "Board") of Neptune Group Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (hereinafter collectively referred to the "Group") for the six months ended 31 December 2012 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 December 2012

		For the six months ended 31 December	
		2012	2011
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Continuing operation:			
Turnover	*2*	**284,800**	220,370
Other revenue		**447**	–
General and administrative expenses		**(3,962)**	(2,687)
Gain from bargain purchase of interest in a subsidiary	*12*	**19,848**	–
Gain on disposal of subsidiaries	*13*	**–**	4,581
Profit from operations		**301,133**	222,264
Share of profits of an associate		**5,744**	5,660
Finance costs	*3*	**(236)**	(536)
Profit before taxation	*4*	**306,641**	227,388
Income tax	*5*	**–**	65
Profit for the period from continuing operation		**306,641**	227,453
Discontinued operation:			
Profit for the period from discontinued operation	*6*	**–**	2,264
Profit for the period		**306,641**	229,717
Other comprehensive income for the period		**–**	–
Total comprehensive income for the period		**306,641**	229,717

	Notes	For the six months ended 31 December 2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000
Attributable to:			
– Equity shareholders of the Company		**176,059**	139,232
– Non-controlling interests		**130,582**	90,485
Profit and total comprehensive income for the period		**306,641**	229,717
Earnings per share attributable to equity shareholders of the Company			
Basic	*7(a)*		
– From continuing and discontinued operations		**4.58 HK cents**	3.62 HK cents
– From continuing operation		**4.58 HK cents**	3.58 HK cents
– From discontinued operation		**N/A**	0.04 HK cents
Diluted	*7(b)*		
– From continuing and discontinued operations		**4.58 HK cents**	3.55 HK cents
– From continuing operation		**4.58 HK cents**	3.51 HK cents
– From discontinued operation		**N/A**	0.04 HK cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Notes	At 31 December 2012 (Unaudited) HK$'000	At 30 June 2012 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**52,566**	62
Intangible assets		**2,390,043**	1,444,493
Goodwill		**10,438**	10,438
Interest in an associate		**46,344**	46,344
Non-current deposit		**–**	30,000
		2,499,391	1,531,337
Current assets			
Securities held for trading		**2**	2
Trade and other receivables	*9*	**398,193**	331,314
Amount due from an associate		**10,328**	–
Dividend receivable from an associate		**50,527**	44,783
Cash and cash equipments		**92,027**	119,503
		551,077	495,602
Less: Current liabilities			
Other payables		**11,416**	28,226
Bank borrowing		**24,277**	–
Consideration payable for acquisition of a subsidiary	*10*	**139,000**	–
Dividend payable to non-controlling shareholders		**4,014**	52,214
Amount due to an associate		**–**	6,972
Income tax payable		**99**	99
		178,806	87,511
Net current assets		**372,271**	408,091
Net assets		**2,871,662**	1,939,428
Capital and reserves			
Share capital	*11*	**38,472**	38,472
Reserves		**1,558,156**	1,382,097
Equity attributable to equity shareholders of the Company		**1,596,628**	1,420,569
Non-controlling interests		**1,275,034**	518,859
Total equity		**2,871,662**	1,939,428

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 31 December 2012

1. BASIS OF PREPARATION

The condensed consolidated financial information have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The principal accounting policies used in the condensed consolidated financial information are consistent with those followed in the preparation of the Group's financial statements for the year ended 30 June 2012. The condensed consolidated financial information are unaudited but have been reviewed by the Audit Committee.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning 1 July 2012, the application has no material impact on the reported results and the financial position of the Group for the current and/or prior accounting periods. For those which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

2. TURNOVER AND SEGMENT REPORTING

The principal activity of the Company is investment holding. The principal activity of its subsidiaries is receiving the profit streams from gaming and entertainment related business. The Group's leasing of cruise ship was discontinued during the year ended 30 June 2011 and the cruise ship was disposed of in August 2011.

Turnover from continuing operation represents the revenue from assignment of profit under the profit streams from gaming and entertainment related business during the period, while the turnover from discontinued operation represents the rental income generated from the cruise ship.

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management (the board of directors of the Company) for the purposes of resource allocation and performance assessment, the Group has identified the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

Continuing operation:

– Gaming and entertainment segment: Revenue from assignments of profit under the profit streams from gaming and entertainment related business carried out in Macau.

Discontinued operation:

– Cruise leasing segment: Rental income generated from leasing of the Group's cruise ship and the Group's cruise ship was disposed of in August 2011.

(a) Segment Results, Assets and Liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all tangible and intangible assets, and current assets with the exception of the office premise, the securities held for trading and other corporate assets. Segment liabilities include other payables attributable to the activities of the individual segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated and the expenses incurred by respective segments or which otherwise arise from the depreciation or amortisation of assets attributable to respective segments.

The measure used for reporting segment profit/(loss) is "adjusted operating profit/(loss)". To arrive at "adjusted operating profit/(loss)", the Group's profit/(loss) are further adjusted for items not specifically attributable to individual segments, such as directors' and auditor's remuneration and other head office or corporate administration costs. Taxation charge is not allocated to reportable segments. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 31 December 2012 and 2011 is set out below.

	For the six months ended 31 December 2012			For the six months ended 31 December 2011		
	Continuing operation	**Discontinued operation**		Continuing operation	Discontinued operation	
	Gaming and entertainment (Unaudited)	**Cruise ship leasing (Unaudited)**	**Total (Unaudited)**	Gaming and entertainment (Unaudited)	Cruise ship leasing (Unaudited)	Total (Unaudited)
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:						
Revenue from external customers	**284,800**	**–**	**284,800**	220,370	2,000	222,370
Inter-segment revenue	**–**	**–**	**–**	–	–	–
Reportable segment revenue	**284,800**	**–**	**284,800**	220,370	2,000	222,370
Reportable segment profit	**310,378**	**–**	**310,378**	226,015	2,264	228,279
Gain from bargain purchase of interest in a subsidiary*	**19,848**	**–**	**19,848**	–	–	–
Interest income*	**–**	**–**	**–**	–	77	77
Share of profits of an associate*	**5,744**	**–**	**5,744**	5,660	–	5,660

* These items are included in the measurement of reportable segment profits.

(b) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	For the six months ended 31 December	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Continuing operation:		
Reportable segment revenue	**284,800**	220,370
Elimination of inter-segment revenue	**–**	–
Consolidated turnover from continuing operation	**284,800**	220,370
Discontinued operation *(Note 6)***:**		
Reportable segment revenue	**–**	2,000
Elimination of inter-segment revenue	**–**	–
Consolidated turnover from discontinued operation	**–**	2,000
Profit or loss		
Continuing operation:		
Reportable segment profit	**310,378**	226,015
Elimination of inter-segment profit	–	–
Reportable segment profit derived from Group's external customers	**310,378**	226,015
Finance costs	**(236)**	(536)
Unallocated head office and corporate expenses and income	**(3,501)**	(2,672)
Gain on disposal of subsidiaries	**–**	4,581
Consolidated profit before taxation from continuing operation	**306,641**	227,388
Discontinued operation *(Note 6)***:**		
Reportable segment profit	**–**	2,264
Elimination of inter-segment profit	**–**	–
Reportable segment profit derived from Group's external customers and consolidated profit before taxation from discontinued operation	**–**	2,264

	At 31 December 2012 (Unaudited) *HK$'000*	At 30 June 2012 (Audited) *HK$'000*
Assets		
Reportable segment assets	**2,944,631**	1,938,188
Unallocated corporate assets *(Note a)*	**105,837**	88,751
Consolidated total assets	**3,050,468**	2,026,939
Liabilities		
Reportable segment liabilities	**143,032**	75,204
Income tax payable	**99**	99
Unallocated corporate liabilities *(Note b)*	**35,675**	12,208
Consolidated total liabilities	**178,806**	87,511

Notes:

(a) The unallocated corporate assets mainly included the office premise, the unallocated cash and bank balances, and other receivables.

(b) The unallocated corporate liabilities mainly included the bank borrowing, the interest payables for convertible notes, accruals and other payables.

(c) Geographical information

The Group's business operates in two principal geographical areas – (i) Macau (place of domicile) and (ii) Hong Kong and Mainland China. In presenting information on the basis of geographical segments, segment turnover is based on the location of customers. The Group's non-current assets include property, plant and equipment, intangible assets, goodwill, non-current deposit and interest in an associate. The geographical locations of property, plant and equipment are based on the physical location of the asset under consideration. In the case of intangible assets, goodwill and non-current deposit, it is based on the location of the operation to which these intangibles and deposit are allocated. In the case of interest in an associate, it is the location of operation of such associate.

	Macau		**Hong Kong and Mainland China**	
	For the six months ended 31 December		**For the six months ended 31 December**	
	2012 (Unaudited) *HK$'000*	2011 (Unaudited) *HK$'000*	**2012 (Unaudited) *HK$'000***	2011 (Unaudited) *HK$'000*
Turnover from external customers				
– Continuing operation	**284,800**	220,370	**–**	–
– Discontinued operation	**–**	–	**–**	2,000
Total	**284,800**	220,370	**–**	2,000
	At 31 December 2012 (Unaudited) *HK$'000*	At 30 June 2012 (Audited) *HK$'000*	**At 31 December 2012 (Unaudited) *HK$'000***	At 30 June 2012 (Audited) *HK$'000*
Non-current assets				
– Continuing operation	**2,446,825**	1,531,275	**52,566**	62

3. FINANCE COSTS

	For the six months ended 31 December	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Continuing operation:		
Total interest expense on financial liabilities not at fair value through profit or loss		
– Imputed interest on convertible notes	**–**	536
– Interest on bank borrowing wholly repayable after five years	**236**	–
	236	536

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	For the six months ended 31 December	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit from operations is stated after charging:		
Continuing operation:		
Depreciation of property, plant and equipment	**908**	–
Discontinued operation:		
Depreciation of property, plant and equipment	**–**	5,067

5. INCOME TAX IN THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 31 December	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax:		
Provision for taxation	**–**	–
Deferred tax:		
Origination and reversal of temporary differences	**–**	(65)
Income tax credit	**–**	(65)

No provision for Hong Kong Profits Tax and other income taxes has been made as the Group's entities comprising the continuing and discontinued operations did not have estimated assessable profits subject to any income tax in Hong Kong and other tax jurisdiction concerned during the six months ended 31 December 2012 and 2011.

6. DISCONTINUED OPERATION

On 24 June 2011, the Group entered into a memorandum of agreement with an independent third party to sell the cruise ship owned by a subsidiary of the Company for a consideration of US$11,800,000 (equivalent to approximately HK$91,804,000). The disposal of the cruise ship was completed in August 2011.

The operation of cruise ship leasing was classified as discontinued operation and the results of the discontinued operation for the six months ended 31 December 2011 and 2012 were as follows:

		For the six months ended 31 December	
		2012	2011
		(unaudited)	(unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	2	**–**	2,000
Cost of sales		**–**	–
Gross profit		**–**	2,000
Other revenue		**–**	77
General and administrative expenses		**–**	(2)
Profit before taxation	4	**–**	2,075
Income tax		**–**	–
		–	2,075
Gain on disposal of assets classified as held for sale		**–**	189
Profit for the period from discontinued operation		**–**	2,264

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to equity shareholders of the Company (see below) and the total of 3,847,245,000 ordinary shares (2011: 3,847,245,000 ordinary shares) in issue during the period.

Profit attributable to equity shareholders of the Company

	For the six months ended 31 December	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Continuing operation	**176,059**	137,648
Discontinued operation	**–**	1,584
	176,059	139,232

(b) Diluted earnings per share

Diluted earnings per share for the six months ended 30 June 2012 was the same as the basic earnings per share because the exercise prices of the Company's outstanding share options were higher than the market prices of the Company's shares during the period.

The calculation of diluted earnings per share for the six months ended 31 December 2011 is based on the adjusted profit attributable to equity shareholders of the Company (see (i) below) and the weighted average number of approximately 3,939,579,000 ordinary shares in issue during the period after adjusting for the effect of all dilutive potential shares, calculated as follows:

(i) Profit attributable to equity shareholders of the Company (diluted)

	For the six months ended 31 December 2011 ***HK$'000***
From continuing and discontinued operations:	
Profit attributable to equity shareholders	**139,232**
After tax effect of effective interest on liability component of convertible bonds	**471**
Adjusted profit attributable to equity shareholders	**139,703**
Attributable to:	
Continuing operation	**138,119**
Discontinued operation	**1,584**
	139,703

(ii) Weighted average number of ordinary shares (diluted)

	Weighted average number of ordinary shares ***'000***
Weighted average number of ordinary shares at 1 July 2011	**3,847,245**
Effect of conversion of convertible bonds	**92,334**
Weighted average number of ordinary shares at 31 December 2011	**3,939,579**

During the six months ended 31 December 2011, the computation of diluted earnings per share did not assume the exercise of the Company's share options since the exercise price of the share options exceeded the average market price of the Company's shares during that period.

8. INTERIM DIVIDEND

The directors of the Company do not recommend the payment of any interim dividend in respect of the six months ended 31 December 2012.

9. TRADE AND OTHER RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit terms are generally for a period from 30 days to 60 days for gaming and entertainment segment and cruise leasing segment. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. At the end of each reporting period, no impairment loss on trade receivables was recognised by the Group.

Included in the Group's trade and other receivables are trade receivables with the following ageing analysis as of the end of each reporting period:

	At 31 December 2012 (Unaudited) ***HK$'000***	At 30 June 2012 (Audited) *HK$'000*
0 – 30 days	**72,687**	25,822
31 – 60 days	**54,688**	34,263
61 – 90 days	**58,016**	35,547
Over 90 days	**210,526**	225,485
	395,917	321,117

10. CONSIDERATION PAYABLE FOR ACQUISITION OF A SUBSIDIARY

The amount represented the remaining consideration of HK$139,000,000 for the acquisition of 20% equity interest in Essence Gold Investment Limited ("Essence Gold"), a company engaged in receiving profit streams from gaming and entertainment related business in Macau (see note 12). Subsequent to 31 December 2012, the remaining consideration of HK$139,000,000 was settled by the Group in February 2013.

11. SHARE CAPITAL

	Number of shares *'000*	**Share capital** *HK$'000*
Authorised:		
At 1 July 2011, 30 June 2012 and 31 December 2012		
– ordinary shares of HK$0.01 each	50,000,000	500,000
Issued and fully paid:		
At 1 July 2011, 30 June 2012 and 31 December 2012		
– ordinary shares of HK$0.01 each	3,847,245	38,472

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residue assets.

12. ACQUISITION OF A SUBSIDIARY

On 19 September 2012, the Group entered into a sale and purchase agreement with the vendor, the junket promoter and the junket owner, pursuant to which the Group agreed to acquire and the vendor agreed to sell 20% of the issued share capital of Essence Gold for a consideration of HK$150,000,000. The Group also entered into a call option agreement dated 19 September 2012 with the vendor for a consideration of HK$1 and the vendor irrevocably granted to the Group the right to require the vendor to transfer the shares (the "Call Option") representing in aggregate up to 80% of the issued share capital of Essence Gold (the "Call Option Shares") or any part to the Group at HK$7.5 million per the Call Option Share. The Call Option will be expired after 36 months after completion of this acquisition.

Essence Gold, which is a company incorporated in the British Virgin Islands with limited liability, entered into a profit assignment agreement (the "Profit Assignment Agreement") on 19 September 2012 with the junket promoter and the junket owner, pursuant to which the junket promoter assigned, as legal and beneficial owner, and the junket owner procured the junket promoter to assign to Essence Gold absolutely and free from any encumbrance whatsoever the junket promoter's right, title interest and benefits in and to 0.4% of the rolling turnover (the "Profit Streams") generated from not less than 11 gaming tables at Guangdong 31 Sky Club at Grand Lisboa in Macau.

Under the Profit Assignment Agreement and the supplemental profit assignment agreement dated 30 January 2013, the junket promoter irrevocably and unconditionally guaranteed to Essence Gold that the Profit Streams for the first and the second relevant periods shall not be less than HK$275 million for each relevant period. In the event that the Profit Streams received and/or receivable by Essence Gold for each relevant period shall be less than HK$275 million, the junket promoter undertook to pay to Essence Gold an amount equivalent to the difference between HK$275 million and the Profit Streams received and/or receivable by Essence Gold during the first and the second relevant periods.

The Call Option, if fully exercised, would give the Group 100% voting power over Essence Gold. Based on the directors' assessment, the Call Option provides the Group with the potential voting right over Essence Gold which in turn provides the Group with the ability to control Essence Gold. As a result, Essence Gold was consolidated as a subsidiary on 30 September 2012, which was the date of legal transfer of the 20% issued share capital of Essence Gold by the vendor to the Group. As the Group currently holds 20% equity interests in Essence Gold, 80% of the post-acquisition results and net assets of Essence Gold are allocated to non-controlling interests.

	Acquiree's carrying amount *HK$'000*	**Fair value adjustment** *HK$'000*	**Fair value** *HK$'000*
Net assets acquired:			
Intangible asset – right in sharing profit stream	–	849,250	849,250
Other payables	(10)	–	(10)
100% equity interests of Essence Gold	(10)	849,250	849,240
Less: Non-controlling interests			(679,392)
20% equity interests of Essence Gold			169,848
Less: Gain from bargain purchase of interest in a subsidiary			(19,848)
Total consideration			150,000
Total consideration satisfied by:			
Cash paid			11,000
Consideration payable for acquisition of a subsidiary *(Note 10)*			139,000
			150,000

13. DISPOSAL OF SUBSIDIARIES

On 23 August 2011, the Company entered into a conditional sale and purchase agreement with an independent third party to dispose of its entire equity interests in certain subsidiaries including Jumbo Profit Investments Limited, World Target International Limited and their subsidiaries (collectively referred to as the "Disposal Group") at a consideration of HK$33,000,000. The principal activities of the Disposal Group were property development and securities trading. The disposal was completed in December 2011.

Details of net assets of the Disposal Group at the date of disposal were summarised below:

	HK$'000
Assets and liabilities over which control was lost:	
Investment properties	32,800
Securities held for trading	221
Cash and bank balances	148
Other receivables	15
Other payables	(1,760)
Income tax payable	(1,730)
Deferred tax liabilities	(1,275)
Net assets disposed of	28,419
Gain on disposal of subsidiaries	4,581
	33,000
Total consideration satisfied by:	
Cash consideration received	33,000
Net cash inflow arising on disposal:	
Cash consideration received	33,000
Less: Cash and bank balances disposed of	(148)
	32,852

14. EVENT AFTER THE END OF REPORTING PERIOD

Subsequent to 31 December 2012, the Group completed the placement of its shares on 6 February 2013 of which a total of 769,000,000 placing shares have been successfully placed to not less than six placees at HK$0.173 per share. The gross proceeds from the placement amounted to HK$133,037,000 (before deduction of any placing agent commission and direct cost).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The unaudited net profit of the Group for the six months ended 31 December 2012 amounted to approximately HK$306,641,000 (2011: HK$229,717,000); basic earnings per share of HK4.58 cents per share, an increase from the same period in last year of HK3.62 cents basic earnings per share. Return of investments in the Macau gaming sector is still our main source of net profit. It has contributed more than approximately HK$310.4 million during the six months ended 31 December 2012. Within this period, the unaudited net profit was approximately HK$306.60 million after deducting the general and administrative expenses of approximately HK$3.9 million, an increase of HK$1.3 million as compared to the last period. Conversely our revenue has approximately HK$284.8 million was up over approximately HK$64.4 million from a year ago, and was our third year in a row with sustained business growth, Similar gross margin is stable in 2012. We stayed very much in our business model to secure optimal investments in order to boost our profit perennially which were at the same time enriched our brand awareness and positioning after gone through those acquisitions activities in the past few years.

We continue to view administrative policies or any intervention from government, if any, as a potential material risk but are committed to overcome new challenge by envisaging programs for identity our efficiency and identifying key management staff capable to provide valuable advice based on their experience and expertise. Our recent placement which has raised approximately HK$133 million additional capital and spontaneously drove a richer mix of investor's base.

For the six months ended 31 December 2012, we generated a record of net cash inflows of approximately HK$198 million arising from operating activities and net cash outflows of approximately HK$131 million arising from investing activities which mainly comprised of (i) settlement of remaining balance of approximately HK$66.3 million for acquisition of 10% profit sharing stream in Best Max, which operates in Star World Casino, (ii) payment of approximately HK$53.4 million for purchase of our own office premise at Shun Tak Centre and related costs incurred and (iii) deposit of HK$11 million paid for acquisition of 20% stakeholding in Essence Gold. Regarding the net cash outflows of approximately HK$95 million in financing activities within this period, we paid cash of approximately HK$102 million to the non-controlling shareholders of all our subsidiaries and advanced cash of approximately HK$17.3 million to our Group's associate. We also obtained a mortgage loan of HK$25 million from a bank and repaid approximately HK$1 million to the bank in accordance with the repayment schedule of the mortgage loan.

Looking forward to 2013, it probably won't come as a surprise that we are seeing quite an uncertain economy at the moment globally, but locally – in particular China and other Asian countries with the mixed fortune of the sustainable economy growth in coming years combined with their versatility and depth of innovative and efficient to prosper. Our group will continue look for other investment opportunities discreetly to extend our stretch within these geographical boundaries. We are confidence in our business to usher into future in a robust growth path supported by all good investments and opportunity timed properly.

Gaming related business

Revenue for the commission from rolling turnover for six months ended 31 December 2012 was recorded approximately HK$284,800,000 (2011: HK$220,370,000). Return from gaming segment still contributed 99% of our Group's profit; the core sources of profit came from our subsidiaries and the profit sharing from our associate has steadily to show marginal growth to HK$5.7 million during the period.

Looking back in early June 2012, our increase in stake holding up to 20% acquisition of profit sharing stream in Lucky Star is a conservative investment strategy to secure satisfactory return for our Group. Lucky Star is operating as a junket representative in Star World Casino.

Our most appealing investment was transacted in September 2012. For this investment, we have to pay HK$150 million as a consideration price for acquisition of 20% issued share capital of Essence Gold, and in return junket owner and vendor undertook a profit guarantee HK$55 million in the first 2 years after completion of this transaction. Further to our foothold stretch toward a new concessionary Grand Lisboa, we expect to receive a significant return by sharing 0.4% of its monthly turnover in a range between HK$6 billion to HK$7 billion in coming few years.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period under review.

INTERIM DIVIDEND

The Board of Directors has resolved not to declare any interim dividend for the six months ended 31 December 2012 (2011: HK$Nil).

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group had net current assets of approximately HK$372,271,000 as at 31 December 2012 (30 June 2012: HK$408,091,000). Except for the new bank mortgage loan of HK$25 million which is used to finance the purchase of our own use office premise, there were no other borrowings as at 31 December 2012 (30 June 2012: HK$Nil). The total equity of the Group as at 31 December 2012 was HK$2,871,662,000 (30 June 2012: HK$1,939,428,000). The gearing ratio, calculated on the basis of total debt over total equity as at 31 December 2012, was approximately 6.23% (30 June 2012: 4.51%). The total current liabilities of the Group as at 31 December 2012 was HK$178,806,000 (30 June 2012: HK$87,511,000), further breakdown into the following items including dividend payable to non-controlling shareholders of HK$4,014,000, other payables of HK$11,416,000 and consideration payable of HK$139,000,000 for final payment of acquisition of investment in 20% stakeholding in Essence Gold, the outstanding mortgage loan of HK$24,277,000 and income tax payable of HK$ 99,000.

PLEDGE OF GROUP'S ASSETS

As at 31 December 2012, the Group's leasehold land and building in Hong Kong of approximately HK$52.5 million were pledged to a bank to secure the bank facilities of HK$25,000,000 (30 June 2012: HK$Nil).

EMPLOYEES

The Group employs approximately 30 staff in Hong Kong and their remuneration packages are generally structured by reference to market terms and individual merit. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors.

CORPORATE GOVERNANCE PRACTICES

For the six months ended 31 December 2012, the Company has, as far as possible, complied with the provisions of the Corporate Governance Code and Corporate Governance Report (the "Code Provision(s)") as set out in Appendix 14 of the Listing Rules, except for the deviation from Code Provision A.4.1 and A.1.8 which is described below:

A.1.8

– An issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Company continues liaising with various insurance companies and will arrange appropriate insurance coverage for the directors of the Company (the "Directors") as soon as possible.

A.4.1

– Non-executive directors should be appointed for specific terms and subject to re-elections. All independent non-executive directors of the Company were not appointed for specific terms, but subject to retirement by rotations and re-elections at the annual general meeting of the Company in accordance with articles of association of the Company. On 1 January 2013, all independent non-executive directors of the Company have entered into letters of appointments with the Company for an initial term of one year, which continues thereafter until termination by inter alia either party giving not less than three months' written notice.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. Having made specific enquiry, all Directors have fully complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions for the six months ended 31 December 2012.

THE BOARD OF DIRECTORS

(a) Composition

The composition of the Board of Directors (the "Board") reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making. The Board currently comprises four executive Directors, and three independent non-executive Directors.

(b) Roles of Chairman and Chief Executive

The Code Provision A.2.1 stipulates that the roles of chairman of the Board (the "Chairman") and chief executive should be separate and should not be performed by the same individual and that the division of responsibilities between the Chairman and the chief executive should be clearly established and set out in writing. The Company fully supports such a division of responsibility between the Chairman and the chief executive in order to ensure a balance of power and authority. The positions of the Chairman and the chief executive are segregated and are held by Mr. Lin Cheuk Fung and Mr. Nicholas J. Niglio respectively. These positions have clearly defined separate responsibilities.

The Chairman is responsible for leading and supervising the operations of the Board, effective planning of Board meetings and ensuring the Board is acting to the best interests of the Company.

The chief executive is responsible for the administration of the Company's business, as well as to formulate and implement Company's policies, and is answerable to the Board in relation to the Company's overall operation.

(c) Responsibilities

The Board determines the overall strategies, monitors and controls operating and financial performance and sets appropriate policies to manage risks in pursuit of the Group's strategic objectives. Day-to-day management of the Group's business is delegated to the executive Director(s) or officer(s) in charge of each division. The functions and power that are so delegated are reviewed periodically to ensure that they remain appropriate.

BOARD COMMITTEE

Three committees, namely, audit committee, remuneration committee and nomination committee were established under the Board to oversee their functions.

Audit Committee

The audit committee comprises of three independent non-executive Directors, namely Mr. Cheung Yat Hung, Alton, Mr. Yue Fu Wing and Mr. Chan Choi Kam. Mr. Yue Fu Wing possesses relevant professional qualifications and financial management expertise and meets the requirements of Rule 3.21 of the Listing Rules.

The audit committee has clear terms of reference and is accountable to the Board. It assists the Board in meeting its responsibilities for overseeing the Company's financial reporting system and internal control procedures and reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process.

The interim report and the unaudited condensed consolidated interim financial statements for the six months ended 31 December 2012 has been reviewed by the audit committee and agreed to the accounting principles and practices adopted by the Company.

Remuneration Committee

The remuneration committee comprises of two independent non-executive Directors, namely Mr. Cheung Yat Hung, Alton and Mr. Yue Fu Wing and one executive Director, namely Mr. Nicholas J. Niglio. The remuneration committee was established with specific written terms of reference and is principally responsible for making recommendation to the Board on remuneration packages of individual Directors and senior management, including benefits in kind, pension rights and compensation payments including any compensation payable for loss or termination of their office or appointment by establishing a formal and transparent procedure for developing remuneration policy. No Director or senior management will determine his own remuneration.

Nomination Committee

The nomination committee comprises of two independent non-executive Directors, namely Mr. Cheung Yat Hung, Alton and Mr. Yue Fu Wing and one executive Director, namely Mr. Lin Cheuk Fung. The nomination committee was established with specific written terms of reference and is principally responsible for reviewing the structure, size and composition of the Board to complement the Company's corporate strategy and to identify individuals suitably qualified to become Board members. Independence of independent non-executive Directors would be regularly reviewed by the nomination committee and recommendations on the appointment, re-appointment and succession planning for Directors would be made to the Board at least on annual basis.

By Order of the Board
Neptune Group Limited
Lin Cheuk Fung
Chairman

Hong Kong, 28 February 2013

As at the date of this announcement, the Board comprises Mr. Lin Cheuk Fung, Mr. Nicholas J. Niglio, Mr. Chan Shiu Kwong, Stephen and Mr. Lin Chuen Chow, Andy (all being executive Directors), Mr. Cheung Yat Hung, Alton, Mr. Yue Fu Wing and Mr. Chan Choi Kam (all being independent non-executive Directors).