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SUNWAH KINGSWAY
新華滙富

SUNWAH KINGSWAY CAPITAL HOLDINGS LIMITED
新華滙富金融控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 00188)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

The Board of Directors of Sunwah Kingsway Capital Holdings Limited (the "Company") hereby submit the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2013.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2013

	Notes	**Six months ended 31 December** **2013** ***HK$*** ***(unaudited)***	2012 *HK$* *(unaudited)*
Turnover	*3*		
Commission and fee income		**41,512,953**	33,946,691
Interest and dividend income		**5,531,579**	5,773,431
		47,044,532	39,720,122
Net gain on disposal of financial assets/liabilities at fair value through profit or loss and remeasurement to fair value	*3*	**34,847,035**	36,452,044
Net gain on disposal of available-for-sale investments	*3*	**–**	10,111,808
Other income	*3*	**1,805,110**	1,812,076
		83,696,677	88,096,050
Operating expenses			
Commission expenses		**(3,288,675)**	(6,656,487)
General and administrative expenses		**(53,273,883)**	(53,197,903)
Finance costs		**(1,659,659)**	(1,404,316)
		25,474,460	26,837,344
Share of profits of associates	*3*	**799,276**	65,892
Profit before tax	*4*	**26,273,736**	26,903,236
Income tax credit	*5*	**–**	230,797
Profit attributable to owners of the Company for the period		**26,273,736**	27,134,033
Basic earnings per share	*7*	**0.7 cent**	0.7 cent
Diluted earnings per share	*7*	**0.7 cent**	0.7 cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2013

	Six months ended 31 December	
	2013	2012
	HK$	*HK$*
	(unaudited)	*(unaudited)*
Profit for the period	**26,273,736**	27,134,033
Other comprehensive income/(expenses)		
Items that will not be reclassified subsequently to profit or loss:		
Surplus on revaluation of land and buildings held for own use (net of tax)	**5,608,017**	18,779,966
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of overseas subsidiaries	**(604,230)**	(816,962)
Fair value changes on available-for-sale investments	**2,611,252**	4,040,287
Reclassification upon disposal of available-for-sale investments	**–**	(1,327,449)
	2,007,022	1,895,876
Other comprehensive income for the period	**7,615,039**	20,675,842
Total comprehensive income attributable to owners of the Company for the period	**33,888,775**	47,809,875

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	**31 December 2013 HK$ (unaudited)**	30 June 2013 *HK$ (audited)*
Non-current assets			
Properties and equipment		**319,301,800**	318,833,334
Intangible assets		**2,331,141**	2,331,141
Interests in associates		**16,706,160**	15,906,884
Available-for-sale investments		**31,604,542**	28,993,290
Other receivable	*8*	**32,820,000**	32,820,000
Other financial assets		**9,611,654**	9,259,465
Loan to an associate		**–**	1,181,870
		412,375,297	409,325,984
Current assets			
Loan to an associate		**1,277,760**	–
Financial assets at fair value through profit or loss		**168,792,577**	139,019,265
Accounts, loans and other receivables	*9*	**216,796,064**	189,052,080
Cash and cash equivalents		**67,897,738**	70,942,797
		454,764,139	399,014,142
Current liabilities			
Financial liabilities at fair value through profit or loss		**1,423,895**	–
Accruals, accounts and other payables	*10*	**125,457,482**	65,736,496
Bank loans – current portion		**41,380,000**	71,600,000
Bank overdrafts		**14,608,002**	–
Current taxation		**1,450,324**	1,450,324
		184,319,703	138,786,820
Net current assets		**270,444,436**	260,227,322
Total assets less current liabilities		**682,819,733**	669,553,306
Non-current liabilities			
Bank loan – non-current portion		**72,100,000**	82,400,000
Deferred tax liabilities		**14,013,899**	13,293,115
		86,113,899	95,693,115
NET ASSETS		**596,705,834**	573,860,191
CAPITAL AND RESERVES			
Share capital		**368,104,391**	368,104,391
Reserves		**228,601,443**	205,755,800
TOTAL EQUITY		**596,705,834**	573,860,191

NOTES

1 BASIS OF PREPARATION

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

2 SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for land and buildings held for own use, available-for-sale investments and financial assets/liabilities at fair value through profit or loss that are measured at revalued amounts or fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in these unaudited condensed consolidated financial statements are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 30 June 2013.

In the current interim period, the Group has applied, for the first time, certain new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are mandatorily effective for the current interim period.

HKFRS 13 *Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

Except as described above, the application of the other new and revised HKFRSs in the current interim period has had no material effect on the amounts reported and disclosures set out in these condensed consolidated financial statements.

3 SEGMENT INFORMATION

The following is an analysis of the Group's revenue and result by operating segment for the periods under review:

	Six months ended 31 December 2013						
	Investment in securities *HK$*	**Structured investment** *HK$*	**Brokerage** *HK$*	**Corporate finance and capital markets** *HK$*	**Asset management** *HK$*	**Others** *HK$*	**Consolidated** *HK$*
Revenue from external customers	2,515,867	–	24,806,144	19,289,323	129,442	303,756	47,044,532
Inter-segment revenue	38	–	478,806	–	–	9,716,529	10,195,373
Segment revenue	2,515,905	–	25,284,950	19,289,323	129,442	10,020,285	57,239,905
Net gain/(loss) on disposal of financial assets/ liabilities at fair value through profit or loss and remeasurement to fair value	34,877,129	–	(30,094)	–	–	–	34,847,035
Other income	38,489	–	374,752	–	–	1,391,869	1,805,110
Eliminations	(38)	–	(478,806)	–	–	(9,716,529)	(10,195,373)
Total income	37,431,485	–	25,150,802	19,289,323	129,442	1,695,625	83,696,677
Segment results	34,084,399	(775,755)	(6,286,369)	3,438,155	(699,815)	(4,286,155)	25,474,460
Share of profits of associates	–	746,903	52,373	–	–	–	799,276
Profit before tax							26,273,736

	Six months ended 31 December 2012						
	Investment in securities *HK$*	Structured investment *HK$*	Brokerage *HK$*	Corporate finance and capital markets *HK$*	Asset management *HK$*	Others *HK$*	Consolidated *HK$*
Revenue from external customers	2,456,723	2	23,117,463	13,547,170	283,340	315,424	39,720,122
Inter-segment revenue	188	–	141,836	–	–	10,360,130	10,502,154
Segment revenue	2,456,911	2	23,259,299	13,547,170	283,340	10,675,554	50,222,276
Net gain/(loss) on disposal of financial assets/liabilities at fair value through profit or loss and remeasurement to fair value	36,462,286	–	(10,242)	–	–	–	36,452,044
Net gain on disposal of available-for-sale investments	–	10,111,808	–	–	–	–	10,111,808
Other income	61,919	–	277,190	26,693	–	1,446,274	1,812,076
Eliminations	(188)	–	(141,836)	–	–	(10,360,130)	(10,502,154)
Total income	38,980,928	10,111,810	23,384,411	13,573,863	283,340	1,761,698	88,096,050
Segment results	36,080,265	9,453,113	(11,540,893)	(1,749,263)	(479,429)	(4,926,449)	26,837,344
Share of profit/(loss) of associates	–	74,381	(8,489)	–	–	–	65,892
Profit before tax							26,903,236

The following is an analysis of the Group's assets by operating segment:

	31 December 2013 *HK$*	30 June 2013 *HK$*
Investment in securities	**163,980,490**	151,923,613
Structured investment	**43,673,846**	31,973,251
Brokerage	**311,403,581**	269,842,367
Corporate finance and capital markets	**10,557,181**	11,235,101
Asset management	**8,003,203**	7,897,379
Others	**329,521,135**	335,468,415
Total segment assets	**867,139,436**	808,340,126

4 PROFIT BEFORE TAX

Profit before tax is arrived at after crediting/(charging):

	Six months ended 31 December	
	2013	2012
	HK$	*HK$*
Net gain on disposal of financial assets/liabilities at fair value through profit or loss and remeasurement to fair value		
– equity securities	**32,864,019**	32,942,639
– debt securities	**745,890**	3,267,176
– derivatives and others	**1,237,126**	242,229
Dividends from listed equity securities	**888,817**	687,895
Interest income from		
– bank deposits	**115,259**	1,060,903
– margin and IPO financing	**1,915,363**	1,958,390
– debt securities	**1,607,035**	1,746,645
– loans	**991,507**	284,022
– others	**13,598**	35,576
Staff costs	**(33,074,348)**	(31,876,355)
Operating lease charges – land and buildings	**(1,395,477)**	(1,242,500)
Depreciation	**(5,558,329)**	(4,907,137)
Interest expenses on		
– bank loans and overdrafts	**(244,814)**	(4,926)
– bank mortgage loan wholly repayable within five years	**(1,325,643)**	(1,396,672)
– others	**(89,202)**	(2,718)
Reversal of impairment loss/(impairment losses) for accounts receivable	**100,000**	(600,088)
Exchange gain (net)	**892,518**	1,101,749

5 INCOME TAX IN THE CONDENSED CONSOLIDATED INCOME STATEMENT

	Six months ended 31 December	
	2013	2012
	HK$	*HK$*
Current tax credit		
– Over provision in prior year	**–**	91,968
Deferred tax credit		
– Tax for the period	**–**	138,829
Income tax credit	**–**	230,797

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the current and prior periods. No tax is payable on the profits of certain subsidiaries for the period arising in Hong Kong since the estimated assessable profits of these subsidiaries of the Group of HK$33 million (2012: HK$46 million) are wholly absorbed by tax losses brought forward.

The Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$385 million (30 June 2013: HK$415 million) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses will not expire under current tax regulation.

6 DIVIDENDS

Dividends recognised as distributions during the period

	Six months ended 31 December	
	2013	2012
	HK$	*HK$*
Final dividend in respect of the previous financial year, declared and paid of 0.3 HK cent per share (2012: 0.25 HK cent per share)	**11,043,132**	9,202,610

Subsequent to the end of the interim reporting period, at a meeting held on 12 February 2014, the directors declared an interim dividend of 0.2 HK cent per share (31 December 2012: 0.2 HK cent per share) with an aggregate amount of HK$7,362,088 (31 December 2012: HK$7,362,088) based on the number of shares in issue at 12 February 2014.

7 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following:

	Six months ended 31 December	
	2013	2012
Earnings		
Earnings for the purposes of basic and diluted earnings per share (Profit attributable to owners of the Company for the period)	**HK$26,273,736**	HK$27,134,033
Number of shares		
Number of ordinary shares for the purpose of basic and diluted earnings per share	**3,681,043,906**	3,681,043,906

Note:

The computation of diluted earnings per share for the six months ended 31 December 2013 and 2012 does not assume the exercise of the Company's share options because the exercise prices of those share options were higher than the average market price for the shares during the periods.

8 OTHER RECEIVABLE

During the year ended 30 June 2011, the Group deposited an amount of HK$40,000,000 (the "Escrow Funds"), into an escrow account maintained by an international law firm in Hong Kong pursuant to the terms of an escrow agreement dated 28 March 2011. As has been widely reported, a partner of the law firm with which the funds were deposited has been arrested by the Hong Kong Police and charged with theft and forgery with respect to monies held in the law firm's escrow account. In August 2013, it was reported that the partner pleaded guilty to fraud and money laundering and was sentenced to jail for 12 years.

The law firm has not returned the Escrow Funds despite a demand for payment by the Group. The Group has commenced legal proceedings against the law firm and its partners for recovery of the Escrow Funds. The Group's legal counsel has reviewed the documentary evidence in respect of the escrow agreement, has analysed the legal duties and obligations of the law firm arising from the terms of the escrow agreement and has analysed the legal and professional duties and obligations of the law firm arising from the receipt of the Escrow Funds (which were client monies and held in trust).

The Group's legal counsel is of the opinion that the Group has good prospects on succeeding on its claim to recover the Escrow Funds and that it is very likely that any judgement obtained would be satisfied. However, there might be a reduction in the ultimate recovery of the Escrow Funds by the amount of the service fees paid to the Group and legal fees and expenses for the lawsuit which might not be entirely recovered.

The management of the Group currently considers that the Escrow Funds excluding the fees paid to the Group and the legal fees and expenses for the lawsuit would be recovered eventually, taking into account the nature of the escrow agreement and the opinion of Group's legal counsel as set forth above. Moreover, in the event of the Group might not recover the Escrow Funds in full, the management will take all possible courses of action in order to recover the remaining amount from the assets of the partners of the law firm if necessary. As the timing of recovering this amount is expected to be more than twelve months, the Group has discounted the Escrow Funds by using the effective interest method.

9 ACCOUNTS, LOANS AND OTHER RECEIVABLES

	Notes	**31 December 2013** *HK$*	30 June 2013 *HK$*
Accounts and loans receivables			
Amounts due from brokers and clearing houses	*(a)*	**101,482,780**	39,136,528
Amounts due from margin clients	*(b)*	**65,760,644**	67,977,592
Amounts due from cash clients	*(c)*	**26,517,266**	51,273,828
Fixed-rate loan receivable	*(d)*	**18,000,000**	23,000,000
Other accounts receivable	*(e)*	**4,884,255**	7,068,759
		216,644,945	188,456,707
Less: Impairment losses		**(4,536,359)**	(4,636,359)
		212,108,586	183,820,348
Prepayments, deposits and other receivables		**4,687,478**	5,231,732
		216,796,064	189,052,080

Notes:

(a) Amounts due from brokers and clearing houses are required to be settled on the settlement day determined under the relevant market practices or exchange rules.

The Group maintains clients' monies arising from the ordinary course of business of dealing in options and futures contracts in trust with The SEHK Options Clearing House Limited ("SEOCH") and HKFE Clearing Corporation Limited ("HKFECC"). At 31 December 2013, the Group held HK$6,523,337 (30 June 2013: HK$5,002,050) with SEOCH and HK$14,554,675 (30 June 2013: HK$8,274,237) with HKFECC in trust for clients which were not dealt with in these unaudited condensed consolidated financial statements.

The amount due from a broker of HK$11,060,465 was pledged as securities for the stock borrowing transactions (30 June 2013: HK$13,370,119).

(b) Margin clients of the brokerage division are required to pledge securities as collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a discount on the value of securities accepted by the Group. At 31 December 2013, the total market value of securities pledged as collateral in respect of the loans to margin clients was approximately HK$430 million (30 June 2013: HK$1,125 million). The amounts due from margin clients are repayable on demand and bear interest at commercial rates.

(c) There are no credit facilities granted to cash clients of the brokerage division except for re-financing of IPO subscriptions. They are required to settle their securities trading balances on the settlement day determined under the relevant market practices or exchange rules.

(d) The credit terms for loans granted by the Group's brokerage division are set by management with reference to the financial background and the value and nature of collateral pledged by the borrowers. The fixed-rate loans receivable secured by personal/corporate guarantee and/or by marketable securities listed on the AIM Board of The London Stock Exchange. The contractual maturity date of the fixed-rate loan receivable is repayable within one year.

(e) The balance included an amount of HK$nil (30 June 2013: HK$60,000) receivable from an associate arising from normal business transactions. The Group normally allows credit periods of up to 30 days to customers, except for certain creditworthy customers with long term relationship and stable repayment pattern, where the terms are extended to a longer period.

The ageing analysis of accounts and loans receivables net of impairment losses based on invoice/advanced/trade date/contractual maturity date is as follows:

	31 December 2013	30 June 2013
	HK$	*HK$*
Current and within one month	**208,369,845**	180,130,883
More than one month and within three months	**1,620,000**	1,547,123
More than three months	**2,118,741**	2,142,342
	212,108,586	183,820,348

10 ACCRUALS, ACCOUNTS AND OTHER PAYABLES

	31 December 2013	30 June 2013
	HK$	*HK$*
Accounts payable (current and within one month)		
Amounts due to brokers and clearing houses	**1,617,127**	23,334,919
Clients' accounts payable (net of bank and clearing house balances in segregated clients' accounts)	**103,796,331**	23,933,957
Others	**951,872**	2,728,383
	106,365,330	49,997,259
Other creditors, accruals and other provision	**19,092,152**	15,739,237
	125,457,482	65,736,496

MANAGEMENT DISCUSSION AND ANALYSIS

The Market

The Hong Kong market continued to be caught between the different directions of the two largest economies in the world, the US and the PRC. The US, with the support of improving statistics on the economy, is planning to reduce the quantitative easing. The US stock market is trading at or near all time high as a response to the positive news on the economy. PRC, on the other hand, is trying to introduce structural reforms to reduce reliance on fixed assets investment and exports as the key elements of the GDP growth. The PRC stock market is one of the worst performing markets in 2013 amongst the major stock markets. The surge in IPO and market activities towards the end of 2013 contributed to the better performance over the same period last year.

The Hang Seng Index closed at 23,306 at the end of December 2013, compared with 22,803 at the end of June 2013 and 22,657 at the end of December 2012. The average monthly turnover on the Main Board and GEM Board during the six months ended 31 December 2013 ("the first half year of FY2014") was approximately HK$1,190 billion, as compared to HK$1,062 billion for the first half year of FY2013. Funds raised from IPOs on the Main Board in the first half year of FY2014 increased by 115% to HK$127 billion, as compared to HK$59 billion for the first half year of FY2013.

Financial Highlights

The Group recorded a profit of HK$26 million for the first half year of FY2014, as compared to HK$27 million for the first half year of FY2013. Commission and fee income from our financial intermediary business increased from HK$33.9 million to HK$41.5 million for the first half year of FY2014 mainly due to the completion of several underwriting and placing transactions and the increase in market activity in this period. The Group recorded a net gain on the disposal of financial assets/liabilities and the remeasurement to fair value of HK$34.8 million, as compared to HK$36.5 million for the first half of FY2014.

General and administrative expenses amounted to HK$53.3 million for the first half year of FY2014, same as the first half year of FY2013. The staff costs increased by HK$1.2 million, which was in line with the higher commission and fee income. The depreciation charged on the self-owned property increased by HK$0.7 million to HK$5.6 million for the first half year of FY2014 as a result of higher valuation, compared with last year, which was reflected in the reserve movement.

As explained in the notes to the condensed financial statements, the Group has deposited HK$40 million into an escrow account of a law firm but the law firm failed to return the deposit to the Group. The Group's legal counsel is of the opinion that the Group has good prospects of succeeding on its claim against the law firm and that it is very likely that any judgement obtained would be satisfied. However, there might be a reduction in the ultimate recovery of the Escrow Funds by the amount of the service fees paid to the Group and legal fees and expenses for the lawsuit which might not be entirely recovered.

Brokerage

Total revenue of the division was HK$25.3 million for the first half year of FY2014, compared to HK$23.3 million for the first half year of FY2013. The market sentiment improved after the gradual recovery of the global economy. The average daily turnover increased by 11% in the first half year of FY2014 when compared with the first half year of FY2013. The net brokerage commission income increased by 23% compared with the first half year of FY2013. The Group continued to streamline its operation and overhead expenses were reduced despite of an increase in revenue.

Corporate Finance and Capital Markets

Total revenue of the division was HK$19.3 million for the first half year of FY2014, compared with HK$13.5 million for the first half year of FY2013. The Hong Kong financing market was buoyant in the fourth quarter of 2013. There were 48 new listings in the Hong Kong Stock Exchange and the funds raised from IPOs reached HK$107 billion in the fourth quarter of 2013. The division sponsored the listing of Yi Hua Department Store Holdings Ltd, Jia Meng Holdings Limited and New Ray Medicine International Holding Limited in the first half year of FY2014. The division also completed several underwriting and placing transactions in this period. As a result, the division recorded a net profit of HK$3.4 million for the first half year of FY2014, compared with a net loss of HK$1.7 million for the first half year of FY2013.

Asset Management

Total revenue of the division was HK$0.1 million for the first half year of FY2014, compared with HK$0.3 million for the first half year of FY2013. The division is looking for opportunities to set up small boutique funds for selected high net worth clients. The division has been advising a boutique fund for nearly two years with good track record achieved. The division will work with the boutique fund to expand the asset under management to generate more revenue.

Investment in Securities

Total revenue of the division was HK$2.5 million for the first half year of FY2014, same as the first half year of FY2013. After including net gain/loss on disposal of financial assets/liabilities at fair value through profit or loss and remeasurement to fair value, total income was HK$37.4 million for the first half year of FY2014, compared with HK$39 million for the first half year of FY2013. The performance of the investment portfolio improved following the recovery in the HK stock market, as evidenced by the rise in Hang Seng Index. We also enjoyed the above average performance of certain stocks in our portfolio.

Structured Investment

The division did not recognise any revenue in the first half year of FY2014 and FY2013. The increase in fair value of an investment fund of HK$2.6 million was recognised in Other Comprehensive Income in the first half year of FY2014, compared with HK$4 million for the first half year of FY2013. The division is now looking for suitable investment opportunities to diversify the portfolio.

Outlook

The US officially begins the tapering of the bond purchase program in 2014. The expected decrease in liquidity brings turbulence in financial markets in a number of developing countries. The Group will continue its cautious approach in managing its business amid these uncertainties.

Changes in Board Composition

In January 2014, the Company sadly announced that the Deputy Chairman and Executive Director of the Company, Ms Mary Yuk Sin Lam, passed away. The Board would like to express our sincere thanks to Ms Lam for laying a solid foundation for Sunwah Kingsway over the years.

Liquidity and Financial Resources

Total assets as at the end of December 2013 were HK$867 million, of which approximately 52% were current in nature. Net current assets were HK$270 million, accounting for approximately 45% of the net assets of the Group as at end of December 2013.

The Group generally finances its daily operations from internal resources. Total borrowing of approximately HK$128.1 million at the end of December 2013 comprised of the following:

– Secured bank loan of HK$92.7 million to partially finance the acquisition of office property;

– Secured and unsecured short-term bank loans of HK$20.8 million and secured and unsecured bank overdraft of HK$14.6 million to finance proprietary trading activities and margin financing business.

The Group's gearing ratio, calculated as a percentage of total borrowings over shareholder's equity, was approximately 21% at the end of December 2013. The office property with carrying value of HK$266.5 million and financial assets at fair value through profit or loss with fair value of HK$23.1 million were pledged as securities against bank loans and overdraft granted to the Group.

Foreign Exchange Exposure

The Group's assets are mainly in Hong Kong and the PRC and most of the monetary assets and liabilities of the Group are denominated in HK$. As part of our investment monitoring, financial assets denominated in foreign currencies, including equity and debt investments, are monitored on a daily basis together with the changes in market value of these investments. Hedging instruments may be used as part of the overall investment strategy if deemed necessary by the investment managers. The Group purchased properties in the PRC for its own use. Because of the steady appreciation of RMB against HK$ in the past few years, the Group believes that there is no need to hedge these assets denominated in RMB. Management will monitor the situation closely and introduce suitable hedging measures if there are any adverse changes. The Group does not have other material exposure to fluctuation in exchange rates and no hedging instruments are used.

Employees

As at 31 December 2013, the number of full time employees of the Group was 116 (30 June 2013: 128). There have been no significant changes in the employment, training or development policies of the Group since the publication of the annual report for the year ended 30 June 2013.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of 0.2 HK cent per ordinary share for the six months ended 31 December 2013 (six months ended 31 December 2012: 0.2 HK cent). The dividend will be payable on or about Thursday, 10 April 2014 to shareholders whose names appear on the Register of Members at the close of business on Thursday, 27 March 2014.

CORPORATE GOVERNANCE CODE

The Company has applied the principles and has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited for the six months ended 31 December 2013 except for a deviation which is summarised below:

CG Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The Non-Executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the Annual General Meeting (AGM) of the Company. Pursuant to the Bye-laws of the Company, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The Board considers that the non-executive directors appointed without a specific term will not impair the quality of corporate governance of the Group as required by the principles set out in CG Code A.4.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the six months period under review and they have all confirmed that they have complied with the required standard set out in the Model Code.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 24 March 2014 to Thursday, 27 March 2014, both days inclusive, during which period no transfers of shares will be registered. To determine entitlement to the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Computershare Hong Kong Investor Services Limited (at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong), for registration not later than 4:00p.m. on Friday, 21 March 2014.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed financial reporting matters including the review of the interim report and the unaudited condensed consolidated financial statements for the six months ended 31 December 2013. Terms of reference of the Audit Committee are available on request to shareholders of the Company.

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

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The Group's external auditor has carried out a review of the unaudited condensed consolidated financial statements in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants. Deloitte Touche Tohmatsu independent review report is included in the interim report to be sent to shareholders.

On behalf of the Board
Michael Koon Ming Choi
Chief Executive Officer

Hong Kong, 12 February 2014

As at the date of this announcement, the directors of the Company are Jonathan Koon Shum Choi as Chairman, Michael Koon Ming Choi as Chief Executive Officer & Executive Director, Janice Wing Kum Kwan and Lee G. Lam as Non-Executive Directors and Robert Tsai To Sze, Stanley Kam Chuen Ko and Elizabeth Law as Independent Non-Executive Directors.