THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, or other licensed securities dealer, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Richfield Group Holdings Limited, you should at once hand this circular to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

田生集團有限公司

RICHFIELD GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 183)

(1) SPECIAL DEAL, DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF AND SALE LOAN DUE BY VASTWOOD LIMITED INVOLVING OFF-MARKET BUY-BACK OF SHARES IN RICHFIELD GROUP HOLDINGS LIMITED; (2) APPLICATION FOR WHITEWASH WAIVER; (3) PROPOSED CHANGE OF COMPANY NAME; (4) PROPOSED AMENDMENT AND RESTATEMENT OF MEMORANDUM AND ARTICLES OF ASSOCIATION; AND (5) NOTICE OF EGM

Financial adviser to Richfield Group Holdings Limited

OPTIMA CAPITAL

Optima Capital Limited

Independent financial adviser to the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders

VEDA | CAPITAL

智略資本

Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 6 to 21 of this circular. A letter from the Listing Rules IBC is set out on pages 22 to 23 of this circular. A letter from the Takeovers Code IBC is set out on pages 24 to 25 of this circular. A letter from Veda Capital containing its advice to the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders is set out on pages 26 to 43 of this circular.

A notice convening the EGM to be held at 9:30 a.m. on Wednesday, 4 February 2015 at Unit 1209, 12/F., Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong is set out on pages EGM-1 to EGM-4 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

12 January 2015

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"Agreement"	the conditional sale and purchase agreement dated 11 December 2014 and entered into among the Company, RHL and Mr. Au in relation to the Disposal and the Share Repurchase
"Announcement"	the announcement of the Company dated 11 December 2014 in relation to, among other things, the Disposal, the Share Repurchase and the Whitewash Waiver
"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Brilliant Icon"	Brilliant Icon Limited, a company incorporated in the BVI with limited liability
"Business Day"	a day (excluding Saturday and Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business during their normal business hours
"BVI"	the British Virgin Islands
"Company"	Richfield Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Disposal and the Share Repurchase pursuant to the terms and conditions of the Agreement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules

"Director(s)"	the director(s) of the Company
"Disposal"	the proposed disposal of the Sale Share and the Sale Loan by the Company to RHL pursuant to the Agreement
"East Up"	East Up Limited, a company incorporated in the BVI with limited liability
"East Up Group"	East Up and its subsidiaries
"EGM"	the extraordinary general meeting of the Company to be held to consider and approve, among other things, the Disposal, the Share Repurchase, the Whitewash Waiver, the Name Change and the proposed amendment and restatement of the Memorandum and Articles of Association
"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong from time to time and any delegate of such Executive Director
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Shareholders"	Shareholders other than RHL, Mr. Au, Virtue Partner, Mr. Pong, their respective associates and parties acting in concert with any of them and other Shareholders who are interested or involved in the Disposal, the Share Repurchase and/or the Whitewash Waiver
"Latest Practicable Date"	9 January 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Listing Rules IBC"	the independent committee of the Board, comprising Mr. Koo Fook Sun, Louis, Ms. Yeung Wing Yan, Wendy and Mr. Lung Hung Cheuk, being all the independent non- executive Directors, established in accordance with the Listing Rules to give a recommendation to the Independent Shareholders in respect of the Disposal and the Share Repurchase
"Memorandum and Articles of Association"	the memorandum and articles of association of the Company from time to time
"Mr. Au"	Mr. Au Wing Wah, the sole beneficial shareholder of RHL
"Mr. Pong"	Mr. Pong Wai San, Wilson, a substantial Shareholder and the sole beneficial shareholder of Virtue Partner
"Name Change"	the proposed change of the Company's name and dual foreign name from "Richfield Group Holdings Limited 田生集團有限公司" to "Winfull Group Holdings Limited 宏輝集團控股有限公司"
"Relevant Period"	the period from 11 June 2014, being the date falling six months before the date of the Announcement, up to and including the Latest Practicable Date
"relevant securities"	has the meaning ascribed to it under Note 4 to Rule 22 of the Takeovers Code
"Remaining Group"	the Group excluding the Vastwood Group immediately after Completion
"Repurchase Price"	the price of approximately HK$0.354 for each Repurchase Share for the Share Repurchase calculated by dividing the consideration for the Share Repurchase by the number of Repurchase Shares of 760,000,000
"Repurchase Shares"	760,000,000 Shares held by RHL to be repurchased by the Company under the Agreement
"RHL"	Richfield (Holdings) Limited, a company incorporated in the Republic of Marshall Islands with limited liability and a substantial Shareholder

"Sale Loan"	all obligations, liabilities and debts owing or incurred by the Vastwood Group to the Remaining Group on or at any time prior to Completion, whether actual, contingent or deferred and irrespective whether the same is due and payable on Completion
"Sale Share"	one issued share of US$1.00 in the capital of Vastwood, representing the entire issued share capital of Vastwood
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Share Buy-backs Code"	The Hong Kong Code on Share Buy-backs
"Shareholder(s)"	holder(s) of the issued Share(s)
"Share Repurchase"	the proposed repurchase by the Company of the Repurchase Shares pursuant to the Agreement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Takeovers Code IBC"	the independent committee of the Board, comprising Mr. Lai Hin Wing, Henry, Mr. Koo Fook Sun, Louis, Ms. Yeung Wing Yan, Wendy and Mr. Lung Hung Cheuk, being all the non-executive Director and independent non-executive Directors, established in accordance with the Takeovers Code to give a recommendation to the Independent Shareholders in respect of the Disposal, the Share Repurchase and the Whitewash Waiver
"Vastwood"	Vastwood Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company as at the date of the Agreement
"Vastwood Group"	Vastwood and its subsidiaries at Completion

"Veda Capital"	Veda Capital Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activities and the independent financial adviser to the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders in respect of the Disposal, the Share Repurchase and the Whitewash Waiver
"Virtue Partner"	Virtue Partner Group Limited, a substantial Shareholder and a company wholly owned by Mr. Pong
"Whitewash Waiver"	the whitewash waiver as may be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of Virtue Partner to make a general offer for all the issued Shares not already owned (or agreed to be acquired) by Virtue Partner and parties acting in concert with it which might otherwise arise as a result of the Share Repurchase
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

田生集團有限公司
RICHFIELD GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 183)

Executive Directors:
Mr. Lee Wing Yin
Mr. Ngan Man Ho

Non-executive Director:
Mr. Lai Hin Wing, Henry

Independent non-executive Directors:
Mr. Koo Fook Sun, Louis
Ms. Yeung Wing Yan, Wendy
Mr. Lung Hung Cheuk

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

Head office and principal place of business in Hong Kong:
Unit 1209, 12/F.
Silvercord Tower 2
30 Canton Road
Tsim Sha Tsui
Kowloon
Hong Kong

12 January 2015

To the Shareholders and, for information only, holders of share options

Dear Sir or Madam,

(1) SPECIAL DEAL, DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF AND SALE LOAN DUE BY VASTWOOD LIMITED INVOLVING OFF-MARKET BUY-BACK OF SHARES IN RICHFIELD GROUP HOLDINGS LIMITED;
(2) APPLICATION FOR WHITEWASH WAIVER;
(3) PROPOSED CHANGE OF COMPANY NAME;
AND
(4) PROPOSED AMENDMENT AND RESTATEMENT OF MEMORANDUM AND ARTICLES OF ASSOCIATION

INTRODUCTION

Reference is made to the announcements of the Company dated 11 December 2014 and 6 January 2015 in relation to, among other things, the Disposal, the Share Repurchase, the Whitewash Waiver, the Name Change and the proposed amendment and restatement of the Memorandum and Articles of Association, respectively.

On 11 December 2014, the Company entered into the Agreement with RHL and Mr. Au, pursuant to which (i) the Company conditionally agreed to sell and RHL conditionally agreed to purchase the Sale Share and the Sale Loan at the consideration of approximately HK$269.2 million; and (ii) the Company conditionally agreed to repurchase and RHL conditionally agreed to sell 760,000,000 Repurchase Shares at the consideration of approximately HK$269.2 million, which is equivalent to the consideration for the Disposal. The 760,000,000 Repurchase Shares will be cancelled immediately after Completion.

The Share Repurchase constitutes an off-market share buy-back under the Share Buy-backs Code. Immediately after Completion, the shareholding interest of Virtue Partner and parties acting in concert with it (including Mr. Pong) in the Company will be increased from approximately 37.06% (as at the Latest Practicable Date) to approximately 47.41%. In this regard, Virtue Partner has made an application to the Executive for the Whitewash Waiver.

The Disposal constitutes a special deal of the Company under Rule 25 of the Takeovers Code. In addition, the Disposal and the Share Repurchase constitute a connected and discloseable transaction of the Company under the Listing Rules. The Disposal, the Share Repurchase and the Whitewash Waiver are subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll.

The Board proposes to change the name and dual foreign name of the Company from "Richfield Group Holdings Limited 田生集團有限公司" to "Winfull Group Holdings Limited 宏輝集團控股有限公司". The Name Change is subject to Completion, approval by the Shareholders at the EGM and approval by the Registrar of Companies in the Cayman Islands.

In view of the Name Change, the Board also proposes to amend and restate the Memorandum and Articles of Association to reflect the Name Change. The proposed amendment and restatement of the Memorandum and Articles of Association is subject to the passing of a special resolution for the Name Change by the Shareholders at the EGM, and the new name and dual foreign name of the Company being entered in the register of companies maintained by the Registrar of Companies in the Cayman Islands.

The purpose of this circular is to provide you with, among other things, further details regarding the Disposal, the Share Repurchase, the Whitewash Waiver, the Name Change and the proposed amendment and restatement of the Memorandum and Articles of Association in accordance with the Takeovers Code, the Share Buy-backs Code and the Listing Rules.

THE AGREEMENT

Date

11 December 2014

Parties

(i) The Company;

(ii) RHL; and

(iii) Mr. Au, as RHL's guarantor to guarantee the due and punctual performance of RHL's obligations under the Agreement.

RHL is incorporated in the Republic of Marshall Islands with limited liability and is wholly and beneficially owned by Mr. Au. The principal business activity of RHL is investment holding. As at the Latest Practicable Date, RHL is beneficially interested in 760,000,000 Shares, representing approximately 21.85% of the issued share capital of the Company. Accordingly, RHL is a substantial Shareholder and each of RHL and Mr. Au is a connected person of the Company.

Subject matter

Pursuant to the Agreement, (i) the Company conditionally agreed to sell and RHL conditionally agreed to purchase the Sale Share and the Sale Loan; and (ii) the Company conditionally agreed to repurchase and RHL conditionally agreed to sell 760,000,000 Repurchase Shares. The Sale Share represents the entire issued share capital of Vastwood whereas the Sale Loan represents the amount due from the Vastwood Group to the Remaining Group as at Completion. As at 30 June 2014, the Vastwood Group was indebted to the Remaining Group in the amount of approximately HK$275.7 million. Further details of the Vastwood Group are set out in the section headed "Information on the Vastwood Group" below.

The 760,000,000 Repurchase Shares represent approximately 21.85% of the issued share capital of the Company as at the Latest Practicable Date. The Repurchase Shares shall be acquired by the Company free from all liens, charges and encumbrances and together with all rights attaching thereto as at Completion including all dividends and distributions declared, made or paid thereafter.

Consideration for the Disposal and the Share Repurchase

The consideration for the Disposal is approximately HK$269.2 million and will be settled by RHL by way of selling 760,000,000 Repurchase Shares to the Company at Completion. The consideration for the Disposal is equivalent to (i) the amount due from the Vastwood Group to the Remaining Group as at 30 June 2014; less (ii) the unaudited net liability value of the Vastwood Group as at 30 June 2014, and was determined after arm's length negotiation taking into account the nature of business of the Vastwood Group, the financial performance of the Vastwood Group during the past years and the market values of the properties held by the Vastwood Group as at 30 June 2014.

The consideration for the Share Repurchase is approximately HK$269.2 million (which is equivalent to the consideration for the Disposal) and will be settled by the Company by way of selling the Sale Share and the Sale Loan to RHL at Completion. The consideration for the Share Repurchase was determined after arm's length negotiations between the parties to the Agreement with reference to (i) the prevailing market price of the Shares (in particular, the average of the closing prices of the Shares for the last 10 trading days up to and including 11 December 2014 (the date of the Agreement) of approximately HK$0.355 per Share); and (ii) the audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK$0.436 per Share as at 30 June 2014.

The consideration for the Disposal and the Share Repurchase shall be set off against each other at Completion.

The Repurchase Price

The Repurchase Price is calculated by dividing the consideration for the Share Repurchase by the number of Repurchase Shares of 760,000,000 and is equivalent to approximately HK$0.354 per Repurchase Share.

The Repurchase Price of approximately HK$0.354 per Repurchase Share represents:

(i) a discount of approximately 10.4% to the closing price of HK$0.395 per Share as quoted on the Stock Exchange on 11 December 2014, being the date of the Agreement;

(ii) a discount of approximately 4.1% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five trading days up to and including 11 December 2014 of approximately HK$0.369 per Share;

(iii) a discount of approximately 0.3% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 10 trading days up to and including 11 December 2014 of approximately HK$0.355 per Share;

(iv) a premium of approximately 12.4% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 trading days up to and including 11 December 2014 of approximately HK$0.315 per Share;

(v) a premium of approximately 16.1% over the closing price of HK$0.305 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(vi) a discount of approximately 18.8% to the audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK$0.436 per Share (based on the audited consolidated net assets attributable to the Shareholders of approximately HK$1,518 million as at 30 June 2014 and 3,478,500,000 Shares in issue as at 30 June 2014); and

(vii) a discount of approximately 14.7% to the audited consolidated net tangible asset value of the Group attributable to the Shareholders of approximately HK$0.415 per Share (based on the audited consolidated net tangible assets attributable to the Shareholders of approximately HK$1,445 million as at 30 June 2014 and 3,478,500,000 Shares in issue as at 30 June 2014).

Conditions precedent

Completion is conditional upon the fulfillment of the following conditions:

(i) the passing by the Independent Shareholders at the EGM of the necessary resolutions, including (a) by at least **75%** of the votes cast by all Independent Shareholders the ordinary resolution to approve the Agreement (including but not limited to the sale and purchase of the Sale Share and the Sale Loan, and the Share Repurchase); and (b) the ordinary resolution to approve the Whitewash Waiver, by way of poll in accordance with the requirements of the Share Buy-backs Code, the Takeovers Code, the Listing Rules and other applicable laws and regulations;

(ii) the grant of the Whitewash Waiver by the Executive;

(iii) the consent of the Executive in relation to the Agreement and the transactions contemplated thereunder as a "special deal" under Rule 25 of the Takeovers Code having been obtained and not having been revoked prior to Completion;

(iv) if necessary, the approval by the Executive for the Share Repurchase to be made by the Company pursuant to the Agreement having been granted pursuant to Rule 2 of the Share Buy-backs Code and remaining in full force and effect and any condition(s) to which such approval is/are subject to having been satisfied in all respects;

(v) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect;

(vi) the Company having sufficient reserves to effect the Share Repurchase;

(vii) the representations, undertakings and warranties provided by the Company under the Agreement remaining true and accurate in all respects; and

(viii) the representations, undertakings and warranties provided by RHL under the Agreement remaining true and accurate in all respects.

The aforesaid conditions are incapable of being waived by the parties to the Agreement. If the aforesaid conditions have not been satisfied on or before 30 June 2015, or such other date as the Company and RHL may agree, the Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other under the Agreement save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, condition (vi) above has been fulfilled.

Completion

Completion shall take place on the date falling on the fifth Business Day after the fulfillment of the conditions precedent (or such other date as the parties to the Agreement may mutually agree).

Upon Completion, Vastwood will cease to be a subsidiary of the Company and the results, assets and liabilities of the Vastwood Group will no longer be consolidated into the financial statements of the Group. RHL will cease to hold any Shares upon Completion.

Upon Completion, the Repurchase Shares shall be cancelled and any rights attached thereto shall cease with effect from the date of Completion.

Change of name of the Company

Subject to Completion, the Company has irrevocably undertaken under the Agreement to change its name to a new name that does not contain the words or expression "Richfield" or any other similar words or expressions or any colourable intimation thereof, such change to be effective as soon as practicable after Completion but in any event not later than six months after the date of Completion. Please refer to the paragraph headed "Proposed change of Company name" below for further details.

INFORMATION ON THE VASTWOOD GROUP

Vastwood is an investment holding company incorporated in the BVI with limited liability and is a wholly-owned subsidiary of the Company. The Vastwood Group is principally engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopments and property trading in Hong Kong. The Vastwood Group collaborates with major property developers in the implementation of property assembly schemes for old and run down buildings in urban districts for redevelopment.

As at 30 June 2014, each of Vastwood and East Up was a direct wholly-owned subsidiary of the Company whereas Brilliant Icon was an indirect wholly-owned subsidiary of the Company. In order to facilitate the Disposal, the Group underwent a corporate reorganisation before the signing of the Agreement, as a result of which East Up has become a wholly-owned subsidiary of Vastwood and 49% interest in Brilliant Icon was transferred to the Vastwood Group (the "**Reorganisation**"). The remaining 51% interest in Brilliant Icon is held by the Remaining Group. The Vastwood Group (other than the East

Up Group) is engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopments; the East Up Group is engaged in property trading; and Brilliant Icon holds an investment property with a construction in progress of an rooftop advertisement signboard. The Vastwood Group is currently reviewing, monitoring and engaging in various property assembly projects which are mainly located in Hong Kong Island and Kowloon. The property projects located in Hong Kong Island are mainly in Sheung Wan, Causeway Bay, Western District, Quarry Bay and Aberdeen, etc. while those located in Kowloon are mainly in Mong Kok, Sham Shui Po, Tai Kok Tsui, Ho Man Tin, Kwun Tong, To Kwa Wan, Hunghom and Kowloon City, etc.

Since the Reorganisation was completed subsequent to 30 June 2014, the audited consolidated financial information of Vastwood as at 30 June 2014 which were prepared in accordance with the Hong Kong Financial Reporting Standards included only the financial information of Vastwood and its subsidiaries existed as at 30 June 2014. For illustration purpose, the audited financial information of the Vastwood Group (excluding the East Up Group), the East Up Group and Brilliant Icon are set out as follows:

	For the year ended 30 June	
	2013	**2014**
	HK$'000	*HK$'000*
Profit/(Loss) before tax		
The Vastwood Group (excluding the East Up Group)	(190,585)	(191,414)
The East Up Group	8,004	(8)
Brilliant Icon (49% interest)	88	(847)
	(182,493)	(192,269)
Profit/(Loss) after tax		
The Vastwood Group (excluding the East Up Group)	(194,098)	(193,013)
The East Up Group	7,407	28
Brilliant Icon (49% interest)	88	(847)
	(186,603)	(193,832)

	As at 30 June 2014
	HK$'000
Net asset/(liability) value	
The Vastwood Group (excluding the East Up Group)	(51,871)
The East Up Group	45,349
Brilliant Icon (49% interest)	(559)
	(7,081)

FINANCIAL EFFECTS OF THE DISPOSAL AND THE SHARE REPURCHASE

As a result of the Disposal, the Company will effectively dispose of 100% interest in the Vastwood Group (including 100% interest in the East Up Group) and 49% interest in Brilliant Icon. The remaining 51% interest in Brilliant Icon will still be held by the Remaining Group and the Company will continue to have control over Brilliant Icon. As such, the difference between the amount by which the 49% non-controlling interests of Brilliant Icon are adjusted and the fair value of the consideration received is recognised directly in the Group's equity.

As illustrated in the unaudited pro forma statement of net asset of the Remaining Group set out in Appendix II to this circular, it is expected that the Group will record a loss of approximately HK$107.1 million on the Disposal after the estimated transaction costs, which is calculated with reference to the fair value of consideration of approximately HK$165.7 million (which is the market value of the 760,000,000 Repurchase Shares of HK$0.218 per Share as at 30 June 2014) less (i) the audited net liability value of the Vastwood Group (excluding the East Up Group) as at 30 June 2014 of approximately HK$51.9 million and the audited net asset value of the East Up Group as at 30 June 2014 of approximately HK$45.3 million; (ii) the amount due from the Vastwood Group (excluding the East Up Group) and the East Up Group to the Remaining Group as at 30 June 2014 of approximately HK$275.7 million; and (iii) the estimated transaction costs of approximately HK$3.7 million relating to the Disposal, as if the Disposal and the Share Repurchase had been completed on 30 June 2014.

The unaudited pro forma loss calculated above is prepared by the Directors for illustrative purposes only. Shareholders should note that the actual amount of gain or loss from the Disposal will be determined based on the closing price of the Shares, the net asset/liability value of the Vastwood Group and the actual amount of the Sale Loan as at Completion, and the actual transaction costs relating to the Disposal, and may be different from the expected loss as calculated above.

Please also refer to the unaudited pro forma financial information of the Remaining Group and the accountant's report thereon issued by BDO Limited set out in Appendix II to this circular and the report issued by Optima Capital Limited on the expected loss above contained in Appendix III to this circular.

Based on the allocation mechanism for the consideration illustrated in the unaudited pro forma statement of net asset of the Remaining Group set out in Appendix II to this circular, nil consideration is allocated to Brilliant Icon. The disposal of 49% interest in Brilliant Icon is expected to result in a credit of approximately HK$0.6 million to the equity attributable to the Shareholders and a debit of approximately HK$0.6 million to non-controlling interest under equity directly.

As a result of the Disposal and the Share Repurchase, the net asset value of the Group, attributable to the Shareholders will be decreased by approximately HK$272.8 million, from approximately HK$1,518.4 million as at 30 June 2014 (which is extracted from the Group's audited financial statements for the year ended 30 June 2014 set out in Appendix I to this circular) to approximately HK$1,245.6 million, and the net asset value attributable to the Shareholders will be improved by approximately HK$0.022 per Share, from approximately HK$0.436 per Share as at 30 June 2014 to approximately HK$0.458 per Share, as if the Disposal and the Share Repurchase had been completed on 30 June 2014.

REASONS FOR THE DISPOSAL

The Group is principally engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopment, property investment and trading and property development.

As disclosed in the annual reports of the Company for the years ended 30 June 2013 and 2014, the Hong Kong Government sustains its effort of raising flat supply through land sale program and other terms of land supply sources. Besides, since the Hong Kong government introduced various demand management measures (e.g. the introduction of Buyer's Stamp Duty and the Special Stamp Duty, the increase in Ad Valorem Stamp Duty rates and the tightening of terms of mortgage lending) to curb property prices for both residential and non-residential properties, the transaction volume of properties slowed down notably. As a result, property owners and developers stayed on the sideline, awaiting for further changes and tendency of the market. Furthermore, the lowering of compulsory auction sales threshold of old building from ownership of not less than 90% to not less than 80% since 1 April 2010 also stimulated the growth of the overall acquisition price of old buildings by landlords and owners. The increment of land supply, the high acquisition price as well as the demand management measures introduced by the government affect the plans of developers, and in turn has seriously challenged the property assembly and brokerage business of the Group.

As disclosed in the annual reports of the Company, for each of the two years ended 30 June 2013 and 2014, turnover from the Group's property assembly and brokerage business declined by approximately 34.7% and approximately 36.9% from the preceding financial year respectively. The property assembly and brokerage business of the Group also recorded audited segment losses of approximately HK$189 million and HK$191 million (including impairment loss on goodwill of HK$203 million and HK$198 million) for each of the two years ended 30 June 2013 and 2014 respectively, as compared with an audited segment profit of approximately HK$29 million in 2012. In view of the arduous business environment of the property assembly and brokerage business in Hong Kong, the Directors consider that the Disposal provides the Group with an exit opportunity to realise its investment in the property assembly and brokerage business the prospect of which is uncertain, and to focus on other businesses which can contribute better returns to the Group.

The business of the Vastwood Group was acquired by Vastwood from RHL in 2007 for the consideration of HK$597 million which comprised convertible bonds in the principal amount of HK$456 million, promissory note in the principal amount of HK$120 million and cash in the amount of HK$21 million (the "**2007 Acquisition**"). RHL and Mr. Au had guaranteed (the "**Profit Guarantee**") that the profits to be generated from such business for the 12-month period following completion (the "**Guarantee Period**") would reach certain amount (the "**Guaranteed Profit**"). If the Guaranteed Profit could not be reached, the consideration shall be adjusted downwards based on the shortfall. In view of the expected failure to meet the Profit Guarantee, Vastwood, RHL and Mr. Au entered into a settlement agreement in June 2008 pursuant to which, among other things, the Guaranteed Profit was revised and the Guarantee Period was extended. In return, RHL had returned to the Company the promissory note in the principal amount of HK$120 million (together with interest accrued thereto) for cancellation. The 760,000,000 Repurchase Shares were issued to RHL upon full conversion of the convertible bonds. As a result of the 2007 Acquisition and the aforesaid settlement, the Group recognised a goodwill of HK$474 million. As mentioned above, the Vastwood Group recorded impairment loss on goodwill of HK$203 million and HK$198 million for each of the two years ended 30 June 2013 and 2014 due to the deteriorating market condition and performance of the property brokerage and assembly business of the Group. The carrying value of the goodwill in the financial statements of the Vastwood Group as at 30 June 2014 was HK$73 million.

Having considered that (i) the promissory note in the principal amount of HK$120 million had been returned to the Company for cancellation pursuant to the settlement agreement; (ii) the Vastwood Group had recorded total impairment losses on goodwill of approximately HK$401 million subsequent to the 2007 Acquisition; and (iii) the sum of the net liability value of the Vastwood Group and the amount due from the Vastwood Group to the Remaining Group as at 30 June 2014 approximates the value of the Repurchase Shares based on the prevailing market price of the Shares, the Directors consider it commercially reasonable to settle the consideration for the Disposal by way of the Company repurchasing and cancelling the Repurchase Shares.

The Vastwood Group is currently engaged in the provision of property brokerage services, and carrying out schemes for property consolidation and assembly while the Remaining Group does not carry out any of these business activities. Upon Completion, the Remaining Group will be principally engaged in property investment and trading and property development. Although the Remaining Group will continue the existing employment of an experienced management team with in-depth knowledge in providing property brokerage services and carrying out schemes for property consolidation and assembly and it holds the necessary licenses to conduct such business activities, it does not have any current intention/plan to engage in such business activities. Currently, the Remaining Group owns shops at ground floor and mezzanine floor located at Kimberley Road, Tsim Sha Tsui and a roof top with advertising signage in North Point for lease. Besides, it is currently engaged in a property development project in Hong Kong, i.e. 51%

interest in the project located at Nos. 142–154 Carpenter Road, Kowloon. In addition, the Remaining Group has a 30% interest in a project located at Nos. 18–32 Junction Road, Kowloon. Please refer to the property valuation report contained in Appendix IV to this circular for further details of the property interests held by the Group.

Having considered the above, the Directors are of the view that the terms of the Agreement are fair and reasonable, and the Disposal, the Share Repurchase and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structures of the Company (i) as at the Latest Practicable Date; and (ii) immediately after Completion (assuming that there is no change in the issued share capital of the Company since the Latest Practicable Date and up to the date of Completion):

	(i) As at the Latest Practicable Date		**(ii) Immediately after Completion**	
	Number of Shares	*approx. %*	*Number of Shares*	*approx. %*
Mr. Pong	352,176,000	10.13	352,176,000	12.95
Virtue Partner *(Note 1)*	936,794,000	26.93	936,794,000	34.46
Subtotal	1,288,970,000	37.06	1,288,970,000	47.41
RHL *(Note 2)*	760,000,000	21.85	–	–
Mr. Ngan Man Ho *(Note 3)*	248,000	0.01	248,000	0.01
	2,049,218,000	58.92	1,289,218,000	47.42
Public Shareholders	1,429,282,000	41.08	1,429,282,000	52.58
Total	**3,478,500,000**	**100.00**	**2,718,500,000**	**100.00**

Notes:

1. Virtue Partner is a company wholly and beneficially owned by Mr. Pong.

2. RHL is a company wholly and beneficially owned by Mr. Au.

3. Mr. Ngan Man Ho is an executive Director.

As at the Latest Practicable Date, other than the 3,478,500,000 Shares in issue, the Company also has outstanding share options granted under its share option scheme entitling the holders thereof to subscribe for a total of 58,400,000 Shares. The share options are held by:

Option holders	**Number of Shares entitled to subscribe for**
Mr. Pong	42,000,000 *(Note 1)*
Mr. Au	8,400,000 *(Note 2)*
The Directors	8,000,000 *(Note 3)*

Notes:

1. These comprise options entitling Mr. Pong to subscribe for (i) 8,400,000 Shares at the subscription price of HK$0.59 per Share during the period from 9 July 2010 to 8 July 2015; (ii) 11,000,000 Shares at the subscription price of HK$0.395 per Share during the period from 26 October 2012 to 25 October 2017; and (iii) 22,600,000 Shares at the subscription price of HK$0.221 per Share during the period from 3 June 2014 to 2 June 2024.

2. These comprise options entitling Mr. Au to subscribe for 8,400,000 Shares at the subscription price of HK$0.395 per Share during the period from 26 October 2012 to 25 October 2017.

3. These comprise options entitling the Directors to subscribe for (i) 6,000,000 Shares at the subscription price of HK$0.395 per Share during the period from 26 October 2012 to 25 October 2017; and (ii) 2,000,000 Shares at the subscription price of HK$0.221 per Share during the period from 3 June 2014 to 2 June 2024.

Save as disclosed above, as at the Latest Practicable Date, (i) parties acting in concert with the Company do not own or have control or direction over the shareholding interests of the Company; (ii) none of the Company and parties acting in concert with it has received any irrevocable commitment to vote in favour of the resolutions approving the Share Repurchase at the EGM; (iii) parties acting in concert with the Company do not hold any convertible securities, warrants or options of the Company; and (iv) parties acting in concert with the Company do not hold any outstanding derivative in respect of securities of the Company.

Save as disclosed above, as at the Latest Practicable Date, (i) Virtue Partner and parties acting in concert with it do not own or have control or direction over any other relevant securities of the Company; (ii) none of Virtue Partner and parties acting in concert with it has borrowed or lent any relevant securities of the Company; (iii) Virtue Partner and parties acting in concert with it do not hold any convertible securities, warrants or options of the Company; and (iv) Virtue Partner and parties acting in concert with it do not have any outstanding derivative in respect of securities of the Company.

As at the Latest Practicable Date, (i) none of Virtue Partner and parties acting in concert with it has received any irrevocable commitment to vote in favour of the resolutions approving the Disposal or the Whitewash Waiver at the EGM; (ii) there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of Virtue Partner and parties acting in concert with it which might be material to the Disposal or the Whitewash Waiver; and (iii) there is no agreement or arrangement to which the Company, Virtue Partner or parties acting in concert with it is party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Disposal or the Whitewash Waiver.

None of Virtue Partner and parties acting in concert with it has acquired any voting rights in the Company during the six-month period immediately prior to the date of the Agreement, up to and including the Latest Practicable Date.

INTENTION OF VIRTUE PARTNER

It is the intention of Virtue Partner to continue the existing businesses of the Remaining Group. Save for the Disposal, Virtue Partner does not intend to introduce any major changes in the existing businesses of the Remaining Group, including the continued employment of the employees of the Remaining Group and the redeployment of the fixed assets of the Group.

PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the name and dual foreign name of the Company from "Richfield Group Holdings Limited 田生集團有限公司" to "Winfull Group Holdings Limited 宏輝集團控股有限公司".

Conditions

The Name Change is subject to Completion, approval of the Shareholders by way of a special resolution at the EGM and approval of the Registrar of Companies in the Cayman Islands. Subject to satisfaction of the above conditions, the Name Change will take effect from the date on which the Registrar of Companies in the Cayman Islands enters the new name and dual foreign name of the Company in the register of companies maintained by the Registrar of Companies in the Cayman Islands. The Company will comply with the necessary filing procedures in Hong Kong and the Cayman Islands.

Effects of the Name Change

The Name Change will not, of itself, affect any of the rights of the Shareholders. All existing share certificates of the Company bearing the existing name of the Company will continue to be evidence of legal title to the Shares and valid for trading, settlement, registration and delivery purposes. Any new share certificates of the Company issued after the Name Change has become effective will bear the new name of the Company. There will not be any arrangement for free exchange of existing share certificates of the Company for new share certificates bearing the new name of the Company.

Upon the Name Change becoming effective, the Shares will be traded on the Stock Exchange under the new name and the Board intends to change the stock short name of the Company correspondingly.

The Company will make further announcement on the effective date of the Name Change and provide details of the change in the stock short name of the Company.

PROPOSED AMENDMENT AND RESTATEMENT OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION

In view of the Name Change, the Board also proposed to amend and restate the Memorandum and Articles of Association to reflect the change of name and dual foreign name of the Company, with such amendments to take effect when the Name Change becomes effective.

At the EGM, a special resolution will be proposed for the Shareholders to consider and, if thought fit, approve, subject to the passing of a special resolution for the Name Change and the new name and dual foreign name of the Company being entered in the register of companies maintained by the Registrar of Companies in the Cayman Islands, the amendment to the Memorandum and Articles of Association by replacing all references to "Richfield Group Holdings Limited 田生集團有限公司" with "Winfull Group Holdings Limited 宏輝集團控股有限公司".

The Company has been advised by its legal advisers that the proposed amendment and restatement of the Memorandum and Articles of Association are not inconsistent with the requirements of the Listing Rules and the laws of Hong Kong respectively. The Company also confirms that there is nothing unusual about the proposed amendment and restatement of the Memorandum and Articles of Association for a company listed on the Stock Exchange.

REGULATORY IMPLICATIONS

Takeovers Code and Share Buy-backs Code

The Share Repurchase constitutes an off-market share buy-back under the Share Buy-backs Code which must be approved by the Executive. Such approval will normally be conditional upon approval of the Share Repurchase by at least three-fourths of the votes cast on a poll by disinterested Shareholders in attendance in person or by proxy at the EGM.

As at the Latest Practicable Date, Virtue Partner is interested in 936,794,000 Shares, representing approximately 26.93% of the existing issued share capital of the Company, and Mr. Pong is interested in 352,176,000 Shares, representing approximately 10.13% of the existing issued share capital of the Company. The aggregate shareholding of Virtue Partner and parties acting in concert with it of 1,288,970,000 Shares represents approximately 37.06% of the issued share capital of the Company. Immediately after Completion, the shareholding interest of Virtue Partner in the Company will be increased to approximately 34.46% and the aggregate shareholding interest of Virtue Partner and parties acting in concert with it (including Mr. Pong) in the Company will be increased to approximately 47.41%.

Rule 32 of the Takeovers Code and Rule 6 of the Share Buy-backs Code provide that where, as a result of share repurchase, a shareholder's proportionate interest in the voting rights of the repurchasing company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, under

Rule 26 of the Takeovers Code, Virtue Partner would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares other than those already owned or agreed to be acquired by Virtue Partner and parties acting in concert with it. Virtue Partner would also be required under Rule 13 of the Takeovers Code to make comparable offers for all the share options of the Company not already owned or agreed to be acquired by Virtue Partner and parties acting in concert with it. In this regard, Virtue Partner has made an application to the Executive for the Whitewash Waiver and the Executive has agreed to grant the Whitewash Waiver, which will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll. The granting of the Whitewash Waiver is a condition precedent for Completion.

In addition, since the Disposal is an arrangement made between the Company and RHL, a substantial Shareholder, which is not capable of being extended to all Shareholders, the Disposal constitutes a special deal of the Company under Rule 25 of the Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to (i) an independent financial adviser publicly stating that in its opinion the terms of the Disposal are fair and reasonable; and (ii) the approval of the Disposal by the Independent Shareholders by way of poll at the EGM.

Listing Rules

As the applicable percentage ratios in respect of the Disposal and the Share Repurchase exceed 5% but are less than 25%, the Disposal and the Share Repurchase constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. In addition, since RHL is a substantial Shareholder, the Disposal and the Share Repurchase also constitutes a connected transaction of the Company and is subject to the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Listing Rules IBC comprising Mr. Koo Fook Sun, Louis, Ms. Yeung Wing Yan, Wendy and Mr. Lung Hung Cheuk, being all the independent non-executive Directors, has been established in accordance with the Listing Rules to give a recommendation to the Independent Shareholders in respect of the Disposal and the Share Repurchase. The Takeovers Code IBC comprising Mr. Lai Hin Wing, Henry, Mr. Koo Fook Sun, Louis, Ms. Yeung Wing Yan, Wendy and Mr. Lung Hung Cheuk, being all the non-executive Director and independent non-executive Directors, has been established in accordance with the Takeovers Code to give a recommendation to the Independent Shareholders in respect of the Disposal, the Share Repurchase and the Whitewash Waiver. Veda Capital has been appointed by the Company with the approval of the Takeovers Code IBC as the independent financial adviser to advise the Takeovers Code IBC, the Listing Rules IBC and the Independent Shareholders in this regard.

None of the Directors has a material interest in the Disposal, the Share Repurchase or the Whitewash Waiver and therefore none of them is required to abstain from voting on the Board resolution approving the Agreement.

The voting in respect of the Disposal, the Share Repurchase and the Whitewash Waiver at the EGM will be conducted by way of a poll. As at the Latest Practicable Date, RHL, Mr. Pong and Virtue Partner are interested in 760,000,000, 352,176,000 and 936,794,000 Shares, representing approximately 21.85%, 10.13% and 26.93% of the issued share capital of the Company respectively. RHL, Mr. Au, Virtue Partner, Mr. Pong, their respective associates and parties acting in concert with any of them and those who are involved in or interested in the Disposal, the Share Repurchase and/or the Whitewash Waiver shall abstain from voting on the resolutions approving the Disposal, the Share Repurchase and the Whitewash Waiver at the EGM.

The Disposal, the Share Repurchase and the transactions contemplated under the Agreement shall be subject to, among other things, the passing of an ordinary resolution by the Independent Shareholders at the EGM according to the Memorandum and Articles of Association which only requires a simple majority of vote. However, in compliance with the Share Buy-backs Code and pursuant to the terms of the Agreement, the Agreement shall be subject to the approval by more than three-fourth of the votes cast by the Independent Shareholders at the EGM in order to become unconditional.

RECOMMENDATION

The Directors (including members of the Listing Rules IBC and the Takeovers Code IBC whose views have been set out in the letter from the Listing Rules IBC on pages 22 to 23 and the letter from the Takeovers Code IBC on pages 24 to 25 of this circular after taking into account the advice of Veda Capital) consider that the terms of the Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and the Disposal, the Share Repurchase and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder (including the Disposal, the Share Repurchase and the Whitewash Waiver).

The Directors believe that the Name Change and the proposed amendment and restatement of the Memorandum and Articles of Association are in the interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Name Change and the proposed amendment and restatement of the Memorandum and Articles of Association.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Listing Rules IBC set out on pages 22 to 23 and the letter from the Takeovers Code IBC set out on pages 24 to 25 of this circular which contain their recommendation to the Independent Shareholders as to voting at the EGM and the letter from Veda Capital set out on pages 26 to 43 of this circular which contain its advice to the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder (including the Disposal, the Share Repurchase and the Whitewash Waiver).

Your attention is also drawn to the additional information set out in the appendices to this circular.

By order of the Board
RICHFIELD GROUP HOLDINGS LIMITED
Ngan Man Ho
Executive Director

The following is the text of a letter from the Listing Rules IBC setting out its recommendation to the Independent Shareholders in relation to the Agreement, the Disposal and the Share Repurchase:

田生集團有限公司
RICHFIELD GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 183)

12 January 2015

To the Independent Shareholders

Dear Sir or Madam,

SPECIAL DEAL, DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF AND SALE LOAN DUE BY VASTWOOD LIMITED INVOLVING OFF-MARKET BUY-BACK OF SHARES IN RICHFIELD GROUP HOLDINGS LIMITED

We refer to the circular of the Company dated 12 January 2015 (the "**Circular**"), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Listing Rules IBC to consider the terms of the Agreement and the transactions contemplated thereunder including the Disposal and the Share Repurchase, to advise you as to whether the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the Disposal and the Share Repurchase are in the interests of the Company and the Shareholders as a whole, and to recommend whether or not you should approve the Agreement and the transactions contemplated thereunder including the Disposal and the Share Repurchase. Veda Capital has been appointed as the independent financial adviser to advise us and you in this regard.

We wish to draw your attention to the letter from the Board set out on pages 6 to 21 of the Circular and the letter from Veda Capital set out on pages 26 to 43 of the Circular which contains its advice to us and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder including the Disposal and the Share Repurchase; and the additional information set out in the appendices to the Circular.

Having taken into account, among other things, the principal factors and reasons considered by and the recommendation of Veda Capital as stated in its letter of advice, we consider that the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and the Disposal and the Share Repurchase are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder including the Disposal and the Share Repurchase.

Yours faithfully,
Listing Rules IBC

Mr. Koo Fook Sun, Louis	**Ms. Yeung Wing Yan, Wendy**	**Mr. Lung Hung Cheuk**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the text of a letter from the Takeovers Code IBC setting out its recommendation to the Independent Shareholders in relation to the Agreement, the Disposal, the Share Repurchase and the Whitewash Waiver:

田生集團有限公司
RICHFIELD GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 183)

12 January 2015

To the Independent Shareholders

Dear Sir or Madam,

(1) SPECIAL DEAL, DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF AND SALE LOAN DUE BY VASTWOOD LIMITED INVOLVING OFF-MARKET BUY-BACK OF SHARES IN RICHFIELD GROUP HOLDINGS LIMITED; AND (2) APPLICATION FOR WHITEWASH WAIVER

We refer to the circular of the Company dated 12 January 2015 (the "**Circular**"), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Takeovers Code IBC to consider the terms of the Agreement, the transactions contemplated thereunder including the Disposal and the Share Repurchase, and the Whitewash Waiver, to advise you as to whether the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned, whether the Disposal, the Share Repurchase and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole, and to recommend whether or not you should approve the Agreement and the transactions contemplated thereunder including the Disposal and the Share Repurchase, and the Whitewash Waiver. Veda Capital has been appointed as the independent financial adviser to advise us and you in this regard.

We wish to draw your attention to the letter from the Board set out on pages 6 to 21 of the Circular and the letter from Veda Capital set out on pages 26 to 43 of the Circular which contains its advice to us and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder including the Disposal and the Share Repurchase, and the Whitewash Waiver; and the additional information set out in the appendices to the Circular.

Having taken into account, among other things, the principal factors and reasons considered by and the recommendation of Veda Capital as stated in its letter of advice, we consider that the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and the Disposal, the Share Repurchase and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder including the Disposal and the Share Repurchase, and the Whitewash Waiver.

Yours faithfully,
Takeovers Code IBC

Mr. Lai Hin Wing, Henry	**Mr. Koo Fook Sun, Louis**	**Ms. Yeung Wing Yan, Wendy**	**Mr. Lung Hung Cheuk**
Non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter of advice from Veda Capital, the Independent Financial Adviser to the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders in relation the Disposal, the Share Repurchase and the Whitewash Waiver for the purpose of incorporation in this circular.

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited
Suite 3711, 37/F
Tower Two, Times Square
1 Matheson Street
Causeway Bay, Hong Kong

12 January 2015

To the Listing Rules IBC, the Takeovers Code IBC and
the Independent Shareholders of Richfield Group Holdings Limited

Dear Sirs,

(1) SPECIAL DEAL, DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF AND SALE LOAN DUE BY VASTWOOD LIMITED INVOLVING OFF-MARKET BUY-BACK OF SHARES IN RICHFIELD GROUP HOLDINGS LIMITED; AND (2) APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder, details of which are contained in the Letter from the Board (the "**Board Letter**") in the circular (the "**Circular**") of the Company to the Shareholders dated 12 January 2015, of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

On 11 December 2014, the Company entered into the Agreement with RHL and Mr. Au, pursuant to which (i) the Company conditionally agreed to sell and RHL conditionally agreed to purchase the Sale Share and the Sale Loan at the consideration of approximately HK$269.2 million; and (ii) the Company conditionally agreed to repurchase and RHL conditionally agreed to sell 760,000,000 Repurchase Shares at the consideration of approximately HK$269.2 million, which is equivalent to the consideration for the Disposal. The consideration for the Disposal and the Share Repurchase shall be set off against each other upon Completion. The Repurchase Price is approximately HK$0.354 per Repurchase Share. The 760,000,000 Repurchase Shares represent approximately 21.85% of the issued share capital of the Company as at the Latest Practicable Date and will be cancelled immediately after Completion. The Sale Share represents the entire issued share capital of Vastwood whereas the Sale Loan represents the amount due from the Vastwood Group to the Remaining Group as at the date of Completion.

As the applicable percentage ratios in respect of the Disposal and the Share Repurchase exceed 5% but are less than 25%, the Disposal and the Share Repurchase constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. In addition, since RHL is a substantial Shareholder, the Disposal and the Share Repurchase also constitutes a connected transaction of the Company and is subject to the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Share Repurchase constitutes an off-market share buy-back under the Share Buy-backs Code which must be approved by the Executive. Such approval will normally be conditional upon approval of the Share Repurchase by at least three-fourths of the votes cast on a poll by disinterested Shareholders in attendance in person or by proxy at the EGM.

As at the date of the Latest Practicable Date, Virtue Partner is interested in 936,794,000 Shares, representing approximately 26.93% of the existing issued share capital of the Company, and Mr. Pong is interested in 352,176,000 Shares, representing approximately 10.13% of the existing issued share capital of the Company. The aggregate shareholding of Virtue Partner and parties acting in concert with it (including Mr. Pong) of 1,288,970,000 Shares represents approximately 37.06% of the issued share capital of the Company. Immediately after Completion, the shareholding interest of Virtue Partner in the Company will be increased to approximately 34.46% and the aggregate shareholding interest of Virtue Partner and parties acting in concert with it (including Mr. Pong) in the Company will be increased to approximately 47.41%.

Rule 32 of the Takeovers Code and Rule 6 of the Share Buy-backs Code provide that where, as a result of share buy-back, a shareholder's proportionate interest in the voting rights of the repurchasing company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, under Rule 26 of the Takeovers Code, Virtue Partner would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares other than those already owned or agreed to be acquired by Virtue Partner and parties acting in concert with it. Virtue Partner would also be required under Rule 13 of the Takeovers Code to make comparable offers for all the share options of the Company not already owned or agreed to be acquired by Virtue Partner and parties acting in concert with it. In this regard, Virtue Partner has made an application to the Executive for the Whitewash Waiver and the Executive has agreed to grant the Whitewash Waiver, which will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll. The granting of the Whitewash Waiver is a condition precedent for Completion.

In addition, since the Disposal is an arrangement made between the Company and RHL, a substantial Shareholder, which is not capable of being extended to all Shareholders, the Disposal constitutes a special deal of the Company under Rule 25 of the Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to (i) an independent financial adviser publicly stating that in its opinion the terms of the Disposal are fair and reasonable; and (ii) the approval of the Disposal by the Independent Shareholders by way of poll at the EGM.

RHL, Mr. Au, Virtue Partner, Mr. Pong, their respective associates and parties acting in concert with any of them and those who are involved in or interested in the Disposal, the Share Repurchase or the Whitewash Waiver shall abstain from voting on the resolutions approving the Disposal, the Share Repurchase and the Whitewash Waiver.

The Listing Rules IBC comprising Mr. Koo Fook Sun, Louis, Ms. Yeung Wing Yan, Wendy and Mr. Lung Hung Cheuk, being all independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the Disposal and the Share Repurchase.

The Takeovers Code IBC comprising Mr. Lai Hin Wing, Henry who is the non-executive Director and Mr. Koo Fook Sun, Louis, Ms. Yeung Wing Yan, Wendy and Mr. Lung Hung Cheuk, who are the independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the Disposal, the Share Repurchase and the Whitewash Waiver.

As at the Latest Practicable Date, we were not aware of any relationships or interest between Veda Capital and the Company or any other parties that could be reasonably be regarded as hindrance to Veda Capital's independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Listing Rules IBC and the Independent Shareholders in respect of the undertaking and the transactions contemplated thereunder. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations on the terms of the undertaking and the transactions contemplated thereunder. Apart from normal professional fees payable to us in connection with this appointment as the independent financial adviser to the Listing Rules IBC, the Takeovers Code IBC and Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied upon accuracy of the information and representations contained in the Circular and information provided to us by the Company, the Director(s) and the management of the Company. We have also assumed that all statements of belief, opinion and intention made by the Director(s) in the Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions.

We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Director(s) and management of the Company.

The Directors confirmed that they have provided us with all currently available information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. The Company is required to notify the Shareholders of any material changes to information contained in the Circular as soon as possible subsequent to its despatch and prior to the EGM. If we become aware of any such material change, we will notify the Shareholders accordingly and of the potential impact on our recommendation set out in this letter as soon as possible.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders in respect of the Disposal, the Share Repurchase and the Whitewash Waiver, we have taken into consideration the following factors and reasons:

1. Background of and reasons for the entering into of the Agreement

Information of the Group

The Group is principally engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopment, property investment and trading and property development.

(i) Financial year ended 30 June 2014

As set out in the annual report of the Group for the year ended 30 June 2014 (the "**AR2014**"), the Group recorded revenue of approximately HK$560.37 million for the year ended 30 June 2014, representing an increase of approximately 457.92% as compared to the revenue of approximately HK$100.44 million for the year ended 30 June 2013 that was solely generated from the property assembly and brokerage business of the Group. As stated in the AR2014, the significant increase in the revenue was mainly attributable to the increase in revenue of the property development business of approximately HK$491.75 million for the year ended 30 June 2014. The property assembly and brokerage business of the Group, on the other hand, (i) generated revenue of approximately HK$63.36 million for the year ended 30 June 2014, represented a drop of approximately 36.92% from the previous financial year; and (ii) recorded operating losses of approximately HK$190.61 million and approximately HK$189.38 million for the two years ended 30 June 2014 and 30 June 2013 respectively. As advised by the Company, the unfavorable results from the property assembly and brokerage business of the Group were mainly attributable to the decrease in number of property assembly projects completed under an uncertain economic prospect and recent Government demand management measures on the industry and included a goodwill impairment of HK$198 million.

The Group recorded a profit attributable to the Shareholders of approximately HK$10.50 million for the year ended 30 June 2014, turnaround from a loss attributable to the Shareholders of approximately HK$195.40 million for the year ended 30 June 2013. As advised by the Company, the increase in profit was mainly attributable to the gain on disposal of the property in London which was acquired by the Group for the purpose of redevelopment into a residential and commercial complex building.

(ii) For the financial year ended 30 June 2013

The Group recorded revenue of approximately HK$100.44 million for the year ended 30 June 2013, representing a decrease of approximately 34.70% as compared to the revenue of approximately HK$153.81 million for the year ended 30 June 2012 and was mainly attributed to the decrease in revenue of the property assembly and brokerage business, being the only contributor to the revenue of the Group for the year ended 30 June 2013. The property assembly and brokerage business of the Group recorded an operating loss of approximately HK$189.38 million for the year ended 30 June 2013 and an operating profit of approximately HK$28.98 million for the year ended 30 June 2012. As set out in the annual report of the Group for the year ended 30 June 2013, the unfavorable result from the property assembly and brokerage business of the Group was mainly attributable to the decrease in number of property acquisition projects completed and a goodwill impairment of approximately HK$203 million.

The Group recorded a loss attributable to the Shareholders of approximately HK$195.40 million for the year ended 30 June 2013 while recorded a profit attributable to the Shareholders of approximately HK$24.22 million for the year ended 30 June 2012. As advised by the Company, the loss attributable to the Shareholders was due to the decrease of revenue in the property assembly and brokerage business of the Group as well as an impairment of goodwill.

(iii) For the financial year ended 30 June 2012

The Group recorded revenue of approximately HK$153.81 million for the year ended 30 June 2012, representing a decrease of approximately 68.31% as compared to the revenue of approximately HK$485.30 million for the year ended 30 June 2011 and was mainly attributed to the decrease in revenue of the property assembly and brokerage business, being the only contributor to the revenue of the Group for the year ended 30 June 2012. The property assembly and brokerage business of the Group recorded an operating profit of approximately HK$28.98 million for the year ended 30 June 2012, representing a decrease of approximately 86.46% as compared to the operating profit of approximately HK$213.99 million for the year ended 30 June 2011. As set out in the annual report of the Group for the year ended 30 June 2012, the unsatisfactory result from the property assembly and brokerage business of the Group was mainly attributable to the decrease in number of property acquisition projects completed affected by the fluctuated property market in Hong Kong with uncertain economic prospect.

The Group recorded a profit attributable to the Shareholders of approximately HK$24.22 million for the year ended 30 June 2012, representing a decrease of approximately 85.58% as compared to the profit attributable to the Shareholders of approximately HK$167.90 million for the year ended 30 June 2011. As advised by the Company, the loss attributable to the Shareholders was due to the decrease of revenue in the property assembly and brokerage business of the Group.

Information on RHL and Mr. Au

RHL is incorporated in the Republic of Marshall Islands with limited liability and is wholly and beneficially owned by Mr. Au. The principal business activity of RHL is investment holding. As at the Latest Practicable Date, RHL is beneficially interested in 760,000,000 Shares, representing approximately 21.85% of the issued share capital of the Company. Accordingly, RHL is a substantial Shareholder and each of RHL and Mr. Au is a connected person of the Company.

Information on the Vastwood Group

Vastwood is an investment holding company incorporated in the BVI with limited liability and is a wholly-owned subsidiary of the Company. The Vastwood Group is principally engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopments and property trading in Hong Kong. The Vastwood Group collaborates with major property developers in the implementation of property assembly schemes for old and run down buildings in urban districts for redevelopment.

As at 30 June 2014, each of Vastwood and East Up was a direct wholly-owned subsidiary of the Company whereas Brilliant Icon was an indirect wholly-owned subsidiary of the Company. In order to facilitate the Disposal, the Group underwent a corporate reorganisation before the signing of the Agreement, as a result of which East Up has become a wholly-owned subsidiary of Vastwood and 49% interest in Brilliant Icon was transferred to the Vastwood Group (the "**Reorganisation**"). The remaining 51% interest in Brilliant Icon is held by the Remaining Group. The Vastwood Group (other than the East Up Group) is engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopments; the East Up Group is engaged in property trading; and Brilliant Icon holds an investment property with a construction in progress of an rooftop advertisement signboard. The Vastwood Group is currently reviewing, monitoring and engaging in various property assembly projects which are mainly located in Hong Kong Island and Kowloon. The property projects located in Hong Kong Island are mainly in Sheung Wan, Causeway Bay, Western District, Quarry Bay and Aberdeen, etc. while those located in Kowloon are mainly in Mong Kok, Sham Shui Po, Tai Kok Tsui, Ho Man Tin, Kwun Tong, To Kwa Wan, Hunghom and Kowloon City, etc.

Financial information of the Vastwood Group

As noted from the Board Letter, since the Reorganisation was completed subsequent to 30 June 2014, the audited consolidated financial information of Vastwood as at 30 June 2014 which were prepared in accordance with the Hong

Kong Financial Reporting Standards included only the financial information of Vastwood and its subsidiaries existed as at 30 June 2014. For illustration purpose, the total audited loss after tax of the Vastwood Group (excluding the East Up Group), the East Up Group and 49% interest of Brilliant Icon for the year ended 30 June 2014 and 30 June 2013 amounted to approximately HK$193.8 million and approximately HK$186.6 million respectively.

As advised by the Company, the financial information of the Vastwood Group before Reorganisation were much the same as the Group's property assembly and brokerage business segment results in the annual reports of the Company. As noted from the AR2014 and the AR2013, for the years ended 30 June 2014, 2013 and 2012, the Group's property assembly and brokerage business recorded a reportable segment revenue of approximately HK$63.4 million, approximately HK$100.4 million and approximately HK$153.8 million respectively while the Group's property assembly and brokerage business recorded audited reportable segement losses of approximately HK$190.6 million and approximately HK$189.4 million for the years ended 30 June 2014 and 2013 respectively and an audited reportable segment profit of approximately HK$29.0 million for the year ended 30 June 2012. As advised by the Company, the continuing decrease in reportable segment revenue was mainly due to the decrease in number of property assembly project completed under uncertain economic prospects, the recent Government demand management measures on the industry and the impairment of goodwill. The change from reportable segment profit in 2012 to reportable segment loss in 2013 and the increase in reportable segment loss from 2013 to 2014 was mainly due to the decrease of revenue in the property assembly and brokerage business of the Vastwood as well as the impairment of goodwill.

We have enquired with the Company and are given to understand that the turnover and net profit/loss of the Vastwood Group for the three years ended 30 June 2014 do not have material difference before and after taken into account of the Reorganisation.

Reasons for the Disposal

As noted from the Board Letter, the Hong Kong Government sustains its effort of raising flat supply through land sale program and other terms of land supply sources. Besides, since the Hong Kong government introduced various demand management measures (e.g. the introduction of Buyer's Stamp Duty and the Special Stamp Duty ("**SSD**"), the increase in Ad Valorem Stamp Duty rates and the tightening of terms of mortgage lending) (the "**Measures**") to curb property prices for both residential and non-residential properties, the transaction volume of properties slowed down notably. As a result, property owners and developers stayed on the sideline, awaiting for further changes and tendency of the market. Furthermore, the lowering of compulsory auction sales threshold of old building from ownership of not less than 90% to not less than 80% since 1 April 2010 also stimulated the growth of the overall acquisition price of old buildings by landlords and owners. The increment of land supply, the high acquisition price as well as the demand management measures introduced by the government affect the plans of developers, and in turn has seriously challenged the property assembly and brokerage business of the Group.

As further noted from the Board Letter, in view of the arduous business environment of the property assembly and brokerage business in Hong Kong, the Directors consider that the Disposal provides the Group with an exit opportunity to realise its investment in the property assembly and brokerage business the prospect of which is uncertain, and to focus on other businesses which can contribute better returns to the Group.

The Vastwood Group is currently engaged in the provision of property brokerage services, and carrying out schemes for property consolidation and assembly while the Remaining Group does not carry out any of these business activities. Upon Completion, the Remaining Group will be principally engaged in property investment and trading and property development. Although, the Remaining Group will continue the existing employment of an experienced management team with in-depth knowledge in providing property brokerage services and carrying out schemes for property consolidation and assembly and it holds the necessary licenses to conduct such business activities, it does not have any current intention or plan to engage in such business activities. As set out in the Board Letter, currently, the Remaining Group owns shops at ground floor and mezzanine floor located at Kimberley Road, Tsim Sha Tsui, a roof top with advertising signage in North Point for lease and has a 30% interest in the project located at Nos. 18-32 Junction Road, Kowloon. In addition, it is currently engaged in a property development project in Hong Kong (i.e. 51% interest in the project located at Nos. 142-154 Carpenter Road, Kowloon).

We noted from the AR 2014 that the business segments of the Group consisted of (i) property assembly and bokerage business; (ii) property development business (Hong Kong); (iii) property development business (the United Kingdom); and (iv) property investment and trading business. For the year ended 30 June 2014, the most profitable business segment of the Group was property development business (the United Kingdom) with a reportable segment profit of approximately HK$156.3 million while the least profitable business segment was property assembly and brokerage business with a reportable segment loss of approximately HK$190.6 million.

As further noted from the AR2014, the growth of Hong Kong economy remained moderate in the year and yet the property market is still under a fluctuated condition. In order to diversify the business scope, the Group has been engaging in property developments and property investment and trading so as to broaden the revenue base which benefit the Company and the Shareholders as a whole in the long run. The Group has been exploring business opportunities both locally and internationally. During the financial year 2014, the Group has engaged in two local property development projects in Hong Kong. The experience of the Group obtained in those projects can be applicable to the Group's future property development projects. Since the demand and needs of urban residential property of Hong Kong was growing continuously, the Group would monitor the market situation closely while dedicated to develop strategically in the property assembly, brokerage and development business for driving considerable growth of the Group. The Group is conscious to monitor and analyze the impact of the local and global economy so as to make cautious business decisions and to adjust the Group's development plan if necessary so as to maximize the return to the Shareholders.

We noted from the website of The Land Registry (www.landreg.gov.hk), the number of agreements for sale and purchase of building units, including both residential and non-residential, has dropped by approximately 38.98% in 2013 as compared to 2012.

More recent information were found in the Hong Kong's Recent Economic Situation and Near-term Outlook published by the Economic Analysis and Business Facilitation Unit of the Financial Secretary's Office of the Government ("**FSO**") on 3 June 2014, and as reported, the residential property market continued to consolidate in recent months and the total number of sale and purchase agreements for residential property received by The Land Registry remained at a low level of 3,892 cases per month during January to April 2014, well below the long-term monthly average of 7,900 cases over 1994-2013.

Apart from continuing the Measures, the Hong Kong Government resumed regular land sale and exerted efforts to increase flat and land supply in the short, medium and long terms and implemented credit-tightening measures to prevent excessive expansion in mortgage lending. The Hong Kong Government is intended to regain the supply-demand balances situation of the property market and strive to forestall an increased risk of property bubble that would hamper the financial and social stability of Hong Kong. We noted in the Policy Address 2014 (www.policyaddress.gov.hk), the Chief Executive of Hong Kong has also indicated that the housing shortage problem in Hong Kong is serious and the Hong Kong Government is committed to provide a total of 470,000 new housing units in the coming ten years through, among other ways, ensuring adequate of land supply. According to the Third Quarter Economic Report 2014 published by FSO, in September 2014, the Hong Kong Government announced that a total of six resident sites will be put up for sale by tender in the fourth quarter and combining the various sources (including the Hong Kong Government land sale, railway property development projects, the Urban Renewal Authority's projects and private re-development/development projects), the total land supply for the first three quarters of financial year 2014/15 (i.e. from the second to the fourth quarter of 2014) is estimated to be about 16,800 units, representing about 90% of the average annual target for private housing land supply adopted from 2014/15. For the medium term, total supply of flats in the coming few years (comprising unsold flats of completed projects, flats under construction but not yet sold and flats on disposed sites where construction can start any time) rose to a record high of 74,000 units as estimated at end-September 2014. The business in redevelopment projects of the Group were adversely affected by the increasing of land supply as building on a vacant piece of disposed land requires less time than property assemblying of the site and then rebuilding a property with addition benefits of not having to negotiate with and persuade and compensate to the evaded original owners of the properties.

The Hong Kong's property market is also anticipated to be further affected by other international factors such as the recovery speed of the global economy and has further perplexed after the United States concluded its asset purchase programme leaving the market concerns of the timing of a potential interest rate hike. Meanwhile, the property market may also experiences considerable fluctuations as sentiment, interest rate expectations and international fund flows shift with the developments of various factors while the risks of housing market bubbles continued to be prominent.

Concerning the acquisition price of old buildings by landlords and owners, we have requested the information of property assembly projects in Hong Kong completed during 2010 to 2014 (the "**Period**") by the Vastwood Group. As advised by the Company, there were 58 property assembly projects during the Period (the "**Projects**"). We have obtained from the Company and reviewed the average prices per sq ft. of old buildings under all the Projects. We noted that the old buildings under the Projects can be classified into three categories, which are (i) residential buildings in Kowloon; (ii) residential buildings in Hong Kong Island; and (iii) factories in both Kowloon and Hong Kong Island. We noted that, since the lowering of compulsory auction sales threshold of old building from ownership of not less than 90% to not less than 80% since 2010, the average prices per sq ft. of the old buildings under the Projects have increased by (i) approximately 160% for residential buildings in Kowloon; (ii) approximately 113% for residential buildings in Hong Kong Island; and (iii) approximately 207% for factories in both Kowloon and Hong Kong Island, during the Period. Besides, the additional taxes on property transactions, have increased the costs of buying flats in old buildings.

Having considered that (i) the poor performance and loss makings of the Vastwood Group for the two years ended 30 June 2014; (ii) the adverse prospects of the property assembly and brokerage business; (iii) the increase in costs for the property assembly and brokerage projects; (iv) efforts exerted by the Hong Kong Government to increase flat and land supply; and (v) resources can be reallocated and the Company can focus in developing the business of the Remaining Group, which had better financial performance, we are of the view that the Disposal is in the interest of the Company and the Shareholders as a whole.

2. Principal terms of the Agreement

Date: 11 December 2014

Parties:

(i) the Company;

(ii) RHL; and

(iii) Mr. Au, as RHL's guarantor to guarantee the due and punctual performance of RHL's obligations under the Agreement.

Subject matter

Pursuant to the Agreement, (i) the Company conditionally agreed to sell and RHL conditionally agreed to purchase the Sale Share and the Sale Loan; and (ii) the Company conditionally agreed to repurchase and RHL conditionally agreed to sell 760,000,000 Repurchase Shares. The Sale Share represents the entire issued share capital of Vastwood whereas the Sale Loan represents the amount due from the Vastwood Group to the Remaining Group as at the date of Completion. As at 30 June 2014, the Vastwood Group was indebted to the Remaining Group in the amount of approximately HK$275.7 million. The 760,000,000 Repurchase Shares represent approximately 21.85% of the issued share capital of the Company as at the Latest Practicable Date.

Consideration for the Disposal

(i) Basis of consideration

The consideration for the Disposal is approximately HK$269.2 million and will be settled by RHL by way of selling 760,000,000 Repurchase Shares to the Company at Completion. The consideration for the Disposal is equivalent to (i) the amount due from the Vastwood Group to the Remaining Group as at 30 June 2014; less (ii) the unaudited net liability value of the Vastwood Group as at 30 June 2014, and was determined after arm's length negotiation taking into account the nature of business of the Vastwood Group, the financial performance of the Vastwood Group during the past years and the market values of the properties held by the Vastwood Group in the amount of approximately HK$202.4 million as at 31 October 2014 with a valuation gain of approximately HK$32.6 million as compared to the book value of the properties held by the Vastwood Group as at 30 June 2014 of approximately HK$169.8 million. Such properties are covered in the valuation as at 31 October 2014 of the property interests held by the Group conducted by Ascent Partners Valuation Service Limited and the property valuation report is set out in appendix III of the Circular.

We noted from the announcement of the Company (formerly named as Maxitech International Holdings Limited with stock code: 8136) dated 18 April 2007 (the "**2007 Acquisition Announcement**") in relation to the acquisition (the "**Acquisition**") of the business of the Vastwood Group (the "**Target Business**") by the Group in 2007 that the consideration for the Acquisition was HK$597 million and we also noted from the announcement of the Company dated 13 June 2008 (the "**Settlement Agreement Announcement**") in relation to the entering of the settlement agreement that the consideration for the Acquisition was adjusted to HK$477 million due to the shortfall between the actual profit and the guaranteed profit, details of which have been set out in the Settlement Agreement Announcement.

Despite the fact that the consideration for the Acquisition was higher than the consideration for the Disposal, having considered (i) the difference in the financial performance of the Target Business at the time of Acquisition and the latest financial performance of the Target Business. As noted from the 2007 Acquisition Announcement, the Target Business recorded a net profit of approximately HK$24.2 million while the Target Business recored net loss of approximately HK$190.6 million and approximately HK$189.4 million for the years ended 30 June 2014 and 2013 respectively; (ii) the difference in the basis of determining the consideration. As noted from the 2007 Acquisition Announcement, the consideration for the Acquisition was determined by price-to-earnings approach which has taken into consideration of the potential profitability of the projects on hand, the progress of the projects for the next 12 months, the probability of success of the projects under the Target Business, the anticipated selling price of the properties successfully consolidated and the business expansion in terms of the number of projects in progress and the number of staff employed while the consideration for the Disposal was determined taking into account the Sale Loan and the net liability of the Vastwood Group; and (iii) the introduction of the Measures by the Hong Kong Government since 2010 which has seriously challenged the property assembly and brokerage business, we are of the view that the consideration for the Acquisition is not comparable to the consideration for the Disposal.

As noted from the Board Letter, as at 30 June 2014, the audited net liability of the Vastwood Group (excluding the East Up Group) was approximately HK$51.9 million, the audited net asset value of the East Up Group was approximately HK$45.3 million and the audited net liability value of 49% interest of Brilliant Icon was approximately HK$0.6 million. Also, as at 30 June 2014, the Sale Loan amounted to approximately HK$275.7 million.

By disposal of the Sale Loan to RHL, the adjusted net asset value of the Vastwood Group as at 30 June 2014 assuming the Reorganisation has become effective would have become approximately HK$268.6 million (the "**Adjusted NAV**"). The consideration for the Disposal is slightly above the Adjusted NAV. Also, having considered the disappointed financial performance and prospects of the Vastwood Group, we are of the view that the consideration for the Disposal is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

(ii) The Share Repurchase

Reasons for the Share Repurchase

The consideration for the Share Repurchase is approximately HK$269.2 million (which is equivalent to the consideration for the Disposal) and will be settled by the Company by way of selling the Sale Share and the Sale Loan to RHL at Completion. The consideration for the Share Repurchase was determined after arm's length negotiations between the parties to the Agreement with reference to (i) the prevailing market price of the Shares; and (ii) the audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK$1,518 million as at 30 June 2014. The consideration for the Disposal and the Share Repurchase shall be set off against each other at Completion.

The business of the Vastwood Group was acquired by Vastwood from RHL in 2007 for the consideration of HK$597 million which comprised convertible bonds in the principal amount of HK$456 million, promissory note in the principal amount of HK$120 million and cash in the amount of HK$21 million. RHL and Mr. Au had guaranteed (the "**Profit Guarantee**") that the profits to be generated from such business for the 12-month period following completion (the "**Guarantee Period**") would reach certain amount (the "**Guaranteed Profit**"). If the Guaranteed Profit could not be reached, the consideration shall be adjusted downwards based on the shortfall. In view of the expected failure to meet the Profit Guarantee, Vastwood, RHL and Mr. Au entered into a settlement agreement in June 2008 pursuant to which, among other things, the Guaranteed Profit was revised and the Guarantee Period was extended. In return, RHL had returned to the Company the promissory note in the principal amount of HK$120 million (together with interest accrued thereto) for cancellation. The 760,000,000 Repurchase Shares were issued to RHL upon full conversion of the convertible bonds. As a result of the Acquisition and the aforesaid settlement, the Group recognised a goodwill of HK$474 million. As mentioned above, the Vastwood Group recorded impairment loss on goodwill of HK$203 million and HK$198 million for each of the two years ended 30 June 2013 and 2014 due to the deteriorating market condition and performance of the property brokerage and assembly business of the Group. The carrying value of the goodwill in the financial statements of the Vastwood Group as at 30 June 2014 was HK$73 million.

In light of (i) the entire promissory note in the principal amount of HK$120 million had been returned to the Company for cancellation pursuant to the settlement agreement; (ii) the Vastwood Group had recorded total impairment losses on goodwill of approximately HK$401 million subsequent to the Acquisition; and (iii) the sum of the net liability value of the Vastwood Group and the amount due from the Vastwood Group to the Remaining Group as at 30 June 2014 approximates the value of the Repurchase Shares based on the prevailing market price of the Shares, the Directors consider it commercially reasonable to settle the consideration for the Disposal by way of the Company repurchasing and cancelling the Repurchase Shares. Having considered (i) the consideration of the Acquisition was subsequently adjusted downwards by returning the promissory note to the Group for cancellation; (ii) the poor performance and loss makings of the Vastwood Group for the two years ended 30 June 2014; and (iii) the impairment losses on goodwill and the net liability recorded by the Vastwood Group, we concur with the view of the Directors that it commercially reasonable to settle the consideration for the Disposal by way of the Share Repurchase.

Following the Share Repurchase and the cancellation of the Repurchase Shares, the Company's issued share capital is expected to decrease from 3,478,500,000 Shares to 2,718,500,000 Shares and would enhance the Company's financial performance as measured on a per Share basis.

As confirmed by the Board, during the negotiations between the Company, RHL and Mr. Au, the Disposal and the Share Repurchase were discussed together and were considered as part and partial of the entire transaction as a whole. Therefore, having considered that (i) the purpose of the Share Repurchase is for satisfying RHL's obligation to pay the consideration of the Disposal and the Disposal and the Share Repurchase were part and partial of the entire transaction as a whole; (ii) the Repurchase Shares were issued to RHL upon conversion of the convertible bonds issued by the Company in the Acquisition in 2007; (iii) the Disposal is considered to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole as analysed above; (iv) the Share Repurchase can allow the Company to repurchase a significant block of Shares without affecting the normal trading of the Shares in terms of price and volume, which alongside the reduction of the total number of Shares in the Company, may lead to improved financial performance, as measured on a per Share basis; (v) the Share Repurchase reduces the number of Shares in issue, which may have a positive financial effect and may enhance per Share value; and (vi) the Share Repurchase is required to be approved by Independent Shareholders at the EGM, we considered that the Share Repurchase is in the interest of the Company and the Independent Shareholders as a whole.

The Repurchase Price

The Repurchase Price is calculated by dividing the consideration for the Share Repurchase by the number of Repurchase Shares of 760,000,000 and is equivalent to approximately HK$0.354 per Repurchase Share.

The Repurchase Price of approximately HK$0.354 per Repurchase Share represents:

(i) a discount of approximately 10.4% to the closing price of HK$0.395 per Share as quoted on the Stock Exchange on 11 December 2014, being the date of the Agreement;

(ii) a discount of approximately 4.1% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five trading days up to and including 11 December 2014 of approximately HK$0.369 per Share;

(iii) a discount of approximately 0.3% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 10 trading days up to and including 11 December 2014 of approximately HK$0.355 per Share;

(iv) a premium of approximately 12.4% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 trading days up to and including 11 December 2014 of approximately HK$0.315 per Share;

(v) a premium of approximately 16.1% to the closing price of HK$0.305 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(vi) a discount of approximately 18.8% to the audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK$0.436 per Share (based on the audited consolidated net assets attributable to the Shareholders of approximately HK$1,518 million as at 30 June 2014 and 3,478,500,000 Shares in issue as at 30 June 2014); and

(vii) a discount of approximately 14.7% to the audited consolidated net tangible asset value of the Group attributable to the Shareholders of approximately HK$0.415 per Share (based on the audited consolidated net tangible assets attributable to the Shareholders of approximately HK$1,445 million as at 30 June 2014 and 3,478,500,000 Shares in issue as at 30 June 2014).

We noted from (i) the 2007 Acquisition Announcement and the circular of the Company dated 10 May 2007 in relation to the Acquisition; and (ii) the Settlement Agreement Announcement, the circular of the Company dated 4 July 2008 and the circular of the Company dated 28 July 2008 in relation to the entering of the settlement agreement and supplemental settle agreement regarding the Acquisition that part of the consideration of the Acquisition was settled by the issuance of the convertible bonds at the principal amount of HK$456 million. The initial conversion price of the convertible bonds was HK$0.6 per conversion share. In other words, the Repurchase Shares were issued at HK$0.6 per Repurchase Share while the Company can buy back the Repurchase Shares at approximately HK$0.354 per Repurchase Share under the Share Repurchase, which representing a discount of approximately 41%.

From the above analysis, we consider the Company can buyback its Shares at a favorable price given that the Repurchase Price represents (i) a discount to the average historical Share price over last 10 trading days up to and including 11 December 2014 (the date of the Agreement); (ii) a discount to the audited net asset value per Share attributable to Shareholders as at 30 June 2014; and (iii) a discount to the initial conversion price of the Convertible Bonds. Therefore, we are in the view that the Repurchase Price is fair and reasonable so far as the Independent Shareholders are concerned.

3. Financial effect of the Disposal and the Share Repurchase

Upon Completion, Vastwood will cease to be a subsidiary of the Company and the results, assets and liabilities of the Vastwood Group will no longer be consolidated into the financial statements of the Group. RHL will cease to hold any Shares upon Completion.

Upon Completion, the Repurchase Shares shall be cancelled and any rights attached thereto shall cease with effect from the date of the Completion.

Immediately after the Completion and the cancellation of the Repurchase Shares, the Company's issued share capital is expected to decrease from 3,478,500,000 Shares to 2,718,500,000 Shares.

As noted from the Board Letter, as a result of the Disposal and the Share Repurchase, the Company will effectively dispose of 100% interest in the Vastwood Group (including 100% interest in the East Up Group) and 49% interest in Brilliant Icon. The remaining 51% interest in Brilliant Icon will still be held by the Remaining Group and the Company will continue to have control over Brilliant Icon. As such, the difference between the amount by which the 49% non-controlling interests of Brilliant Icon are adjusted and the fair value of the consideration received is recognized directly in the Group's equity.

As illustrated in the unaudited pro forma statement of net asset of the Remaining Group set out in Appendix II to the Circular, it is expected that the Group will record a loss of approximately HK$107.1 million on the Disposal after the estimated transaction costs, which is calculated with reference to the fair value of consideration of approximately HK$165.7 million (which is the market value of the 760,000,000 Repurchase Shares of HK$0.218 per Share as at 30 June 2014) less (i) the audited net liability value of the Vastwood Group (excluding the East Up Group) as at 30 June 2014 of approximately HK$51.9 million and the audited net asset value of the East Up Group as at 30 June 2014 of approximately HK$45.3 million; (ii) the amount due from the Vastwood Group (excluding the East Up Group) and the East Up Group to the Remaining Group as at 30 June 2014 of approximately HK$275.7 million; and (iii) the estimated transaction costs of approximately HK$3.7 million relating to the Disposal, as if the Disposal and the Share Repurchase had been completed on 30 June 2014.

As noted from the Board Letter, the unaudited pro forma loss calculated above is prepared by the Directors for illustrative purposes only. Shareholders should note that the actual amount of gain or loss from the Disposal will be determined based on the closing price of the Shares, the net asset/liability value of the Vastwood Group and the actual amount of the Sale Loan as at Completion, and the actual transaction costs relating to the Disposal, and may be different from the expected loss as calculated above.

References are also made to the unaudited pro forma financial information of the Remaining Group and the accountant's report thereon issued by BDO Limited set out in Appendix II to the Circular and the report issued by Optima Capital Limited on the expected loss above contained in Appendix III to the circular.

As a result of the Disposal and the Share Repurchase, the net asset value of the Group, attributable to the Shareholders will be decreased by approximately HK$272.8 million, from approximately HK$1,518.4 million as at 30 June 2014, which is extracted from the Group's audited financial statements for the year ended 30 June 2014 set out in Appendix I to the Circular to approximately HK$1,245.6 million, and the net asset value of the Group, attributable to the Shareholders will be improved by approximately HK$0.022 per Share, from approximately HK$0.436 per Share as at 30 June 2014 to approximately HK$0.458 per Share, as if Disposal and the Share Repurchase has been completed on 30 June 2014.

Notwithstanding the Group is expected to record a loss as a result of the Disposal and the Share Repurchase, given that (i) the Disposal and the Share Repurchase would bring positive effect on the net asset per Share of the Group attributable to the Shareholders; (ii) the principal factors and reasons we considered as set out in the section headed "Reasons for the Disposal" and (iii) each of the consideration for the Disposal, the Share Repurchase and the Repurchase Price is fair and reasonable as set out in the section headed "Consideration for the Disposal", we are of the view that the Disposal and the Share Repurchase are in the interests of the Company and the Independent Shareholders as a whole.

4. Whitewash Waiver and the Special Deal

As at the date of the Latest Practicable Date, Virtue Partner is interested in 936,794,000 Shares, representing approximately 26.93% of the existing issued share capital of the Company, and Mr. Pong is interested in 352,176,000 Shares, representing approximately 10.13% of the existing issued share capital of the Company. The aggregate shareholding of Virtue Partner and parties acting in concert with it (including Mr. Pong) of 1,288,970,000 Shares represents approximately 37.06% of the issued share capital of the Company. Immediately after Completion, the shareholding interest of Virtue Partner in the Company will be increased to approximately 34.46% and the aggregate shareholding interest of Virtue Partner and parties acting in concert with it (including Mr. Pong) in the Company will be increased to approximately 47.41%.

Rule 32 of the Takeovers Code and Rule 6 of the Share Buy-backs Code provide that where, as a result of share buy-back, a shareholder's proportionate interest in the voting rights of the repurchasing company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, under Rule 26 of the Takeovers Code, Virtue Partner would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares other than those already owned or agreed to be acquired by Virtue Partner and parties acting in concert with it. Virtue Partner would also be required under Rule 13 of the Takeovers Code to make comparable offers for all the share options of the Company not already owned or agreed to be acquired by Virtue Partner and parties acting in concert with it. In this regard, Virtue Partner has made an application to the Executive for the Whitewash Waiver which, if granted, will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll. The granting of the Whitewash Waiver is a condition precedent for Completion.

Based on our analysis above, we consider that the Disposal and the Share Repurchase are in the interests of the Company and the Independent Shareholders as a whole and are fair and reasonable as far as the Independent Shareholders are concerned. If the Whitewash Waiver is not granted by the Executive or if the Whitewash Waiver is not approved by the Independent Shareholders, the Disposal and the Share Repurchase will not proceed and the Company will lose all the benefits that are expected to be brought by the successful completion of the Disposal and the Share Repurchase.

In addition, since the Disposal is an arrangement made between the Company and RHL, a substantial Shareholder, which is not capable of being extended to all Shareholders, the Disposal constitutes a special deal of the Company under Rule 25 of the Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to (i) an independent financial adviser publicly stating that in its opinion the terms of the Disposal are fair and reasonable; and (ii) the approval of the Disposal by the Independent Shareholders by way of poll at the EGM.

RECOMMENDATION

Whilst the Agreement and the transactions contemplated thereunder are not in the ordinary and usual course of the business of the Company, having considered the above-mentioned principal factors and reasons, we consider (i) the terms of the Disposal, the Share Repurchase and the Whitewash Waiver are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Disposal, the Share Repurchase and the Whitewash Waiver are in the interests of the Company and the Independent Shareholders as a whole. We would therefore recommend the Independent Shareholders and advise the Listing Rules IBC and the Takeovers Code IBC to recommend the Independent Shareholders to vote in favour of the resolutions to approve the the Disposal, the Share Repurchase and the Whitewash Waiver to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Veda Capital Limited
Julisa Fong
Managing Director

Note: Ms. Julisa Fong is a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 18 years of experience in investment banking and corporate finance.

1. SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the audited financial information of the Group for the three financial years ended 30 June 2012, 2013 and 2014 as extracted from the annual reports of the Company:

	Year ended 30 June		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	*(audited)*	*(audited)*
Revenue	153,807	100,440	560,372
Profit/(Loss) before income tax	29,850	(190,463)	44,706
Income tax expense	(5,631)	(4,939)	(34,255)
Profit/(Loss) for the year	24,219	(195,402)	10,451
Attributable to:			
– Owners of the Company	24,219	(195,402)	10,502
– Non-controlling interests	–	–	(51)
Profit/(Loss) for the year	24,219	(195,402)	10,451
Dividend	9,983	–	–
Dividend per Share	HK0.287 cent	–	–
Earnings/(Loss) per Share for profit/(loss) attributable to owners of the Company during the year			
– Basic and diluted	HK0.70 cent	HK(5.62) cents	HK0.30 cent

Save for the impairment loss on goodwill of approximately HK$203 million and HK$198 million recorded during the years ended 30 June 2013 and 2014 respectively, the Group had no extraordinary items because of size, nature or incidence for each of the three years ended 30 June 2012, 2013 and 2014. The auditor of the Company did not issue any qualified opinion on the financial statements of the Group for each of the three years ended 30 June 2012, 2013 and 2014.

2. AUDITED FINANCIAL STATEMENTS

The following is the full text of the audited financial statements of the Group for the year ended 30 June 2014 as extracted from the annual report of the Company for the year ended 30 June 2014:

"CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000
Revenue	6	560,372	100,440
Cost of sales		(362,694)	(37,840)
Gross profit		197,678	62,600
Other income	7	108,948	20,883
Selling and distribution expenses		(3,871)	(8,472)
Administrative expenses and other operating expenses		(60,254)	(63,419)
Impairment loss recognised in respect of goodwill	21	(198,000)	(203,000)
Finance costs	9	(5)	(3)
Share of profit of associates		104	413
Share of profit of a joint venture		106	535
Profit/(Loss) before income tax	8	44,706	(190,463)
Income tax expense	10	(34,255)	(4,939)
Profit/(Loss) for the year		10,451	(195,402)
Profit/(Loss) for the year attributable to:			
Owners of the Company	11	10,502	(195,402)
Non-controlling interests		(51)	–
		10,451	(195,402)
Earnings/(Loss) per share for profit/(loss) attributable to owners of the Company during the year	13		
Basic and diluted		HK0.30 cent	HK(5.62) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

	2014	**2013**
	HK$'000	*HK$'000*
Profit/(Loss) for the year	10,451	(195,402)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net fair value gain/(loss) on available-for-sale financial assets	2,147	(756)
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	9,865	–
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	(8,667)	9
Exchange differences arising on translation of foreign operations	6,159	–
Other comprehensive income for the year, net of tax	9,504	(747)
Total comprehensive income for the year	19,955	(196,149)
Total comprehensive income for the year attributable to:		
Owners of the Company	20,006	(196,149)
Non-controlling interests	(51)	–
	19,955	(196,149)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16(a)	128,489	133,502
Investment properties	17	249,000	190,000
Interests in associates	19	517	413
Amounts due from an associate	19	4,328	4,401
Interests in a joint venture	20	640	535
Amounts due from a joint venture	20	4,526	4,631
Goodwill	21	73,000	271,000
Available-for-sale financial assets	22	75,575	90,676
		536,075	695,158
Current assets			
Amounts due from associates	19	99,814	68,014
Available-for-sale financial assets	22	25,178	–
Properties held for trading	23	50,122	73,075
Properties under development	24	444,444	745,485
Trade receivables	25	16,054	58,673
Prepayments, deposits and other receivables		15,443	10,718
Financial assets at fair value through profit or loss	26	1,372	607
Cash and bank balances	27	734,053	242,013
Restricted bank deposits	28	111,022	112,095
		1,497,502	1,310,680
Current liabilities			
Accrued expenses and other payables		127,642	137,428
Borrowings	29	130,752	136,015
Finance lease liabilities	30	432	384
Amount due to non-controlling shareholder	34	218,603	–
Provision for income tax		36,051	3,113
		513,480	276,940
Net current assets		984,022	1,033,740
Total assets less current liabilities		1,520,097	1,728,898

	Notes	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Borrowings	29	–	234,000
Finance lease liabilities	30	1,404	1,836
Deferred tax liabilities	33	365	616
		1,769	236,452
Net assets		1,518,328	1,492,446
EQUITY			
Share capital	31	34,785	34,785
Reserves	32	1,483,602	1,457,661
Equity attributable to owners of the Company		1,518,387	1,492,446
Non-controlling interests		(59)	–
Total equity		1,518,328	1,492,446

STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	18	–	–
Property, plant and equipment	16(b)	1,117	1,825
Available-for-sale financial assets	22	75,575	90,676
		76,692	92,501
Current assets			
Prepayments, deposits and other receivables		1,716	1,965
Amounts due from subsidiaries	18	777,901	1,191,578
Available-for-sale financial assets	22	25,178	–
Financial assets at fair value through profit or loss	26	1,372	607
Cash and bank balances	27	684,862	203,195
		1,491,029	1,397,345
Current liabilities			
Accrued expenses and other payables		1,366	116
Amounts due to subsidiaries	18	207,599	182,672
		208,965	182,788
Net current assets		1,282,064	1,214,557
Total assets less current liabilities		1,358,756	1,307,058
Net assets		1,358,756	1,307,058
EQUITY			
Share capital	31	34,785	34,785
Reserves	32	1,323,971	1,272,273
Total equity		1,358,756	1,307,058

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Profit/(Loss) before income tax		44,706	(190,463)
Adjustments for:			
Interest income	7	(6,860)	(6,505)
Dividend income	7	(10,167)	(1,154)
Impairment of goodwill	21	198,000	203,000
Depreciation	8	7,818	8,369
Fair value gain on inventories reclassified as investment properties	7	(1,047)	–
Fair value gain on investment properties	7	(35,000)	–
Net fair value gain on financial assets at fair value through profit or loss	7	–	(1,009)
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	8	9,865	–
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	8	(8,667)	9
Share of profit of associates		(104)	(413)
Share of profit of a joint venture		(106)	(535)
Gain on disposal of property, plant and equipment	7	–	(3)
Reversal of write-down of properties held for trading to its net realisable value	8	–	(452)
Equity-settled share-based payments	8	2,938	3,505
Interest expenses	9	5	3
Operating profit before working capital changes		201,381	14,352
Decrease/(Increase) in properties under development		301,041	(318,597)
Decrease/(Increase) in trade receivables		42,619	(33,813)
Increase in prepayments, deposits and other receivables		(4,725)	(3,047)
(Decrease)/Increase in accrued expenses and other payables		(9,786)	14,525
Purchases of financial assets at fair value through profit or loss		(765)	–
Proceeds from disposal of financial assets at fair value through profit or loss		–	3,600

	Notes	2014 HK$'000	2013 HK$'000
Cash generated from/(used in) operations		529,765	(322,980)
Interest received		6,860	6,505
Interest paid		(5)	(3)
Income tax paid		(3,211)	(23,116)
Net cash generated from/(used in) operating activities		533,409	(339,594)
Cash flows from investing activities			
Dividend received		10,167	1,154
(Increase)/Decrease in short-term deposits with an original maturity of more than 3 months		(264,916)	77,813
Decrease/(Increase) in restricted bank deposits		1,073	(17,095)
Purchases of property, plant and equipment		(2,805)	(2,768)
Purchases of available-for-sale financial assets		(33,367)	–
Proceeds from disposals of property, plant and equipment		–	4
Proceeds from disposals of available-for-sale financial assets		25,437	2,365
Proceeds from disposal of interests in subsidiaries		225,956	–
Expenses paid for disposal of interests in subsidiaries		(4,364)	–
Advances to associates		(31,727)	(4,356)
Repayment from/(Advances to) a joint venture		105	(11)
Net cash (used in)/generated from investing activities		(74,441)	57,106
Cash flows from financing activities			
Repayments of borrowings		(239,263)	(4,716)
Capital element of finance lease liabilities paid		(384)	(403)
Dividends paid	*12(b)*	–	(9,983)
Net cash used in financing activities		(239,647)	(15,102)

	Notes	2014 HK$'000	2013 HK$'000
Net increase/(decrease) in cash and cash equivalents		219,321	(297,590)
Cash and cash equivalents at beginning of year		215,722	513,312
Effect of foreign exchange rate change		7,803	–
Cash and cash equivalents at end of year		442,846	215,722
Analysis of balances of cash and cash equivalents	27		
Cash and bank balances		76,001	57,636
Short-term deposits		366,845	158,086
		442,846	215,722

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Equity attributable to owners of the Company										
	Share capital	Share premium account	Proposed final dividend	Translation reserve	Share-based payment reserve	Revaluation reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2012	34,785	1,274,759	9,983	–	8,094	5,892	–	361,560	1,695,073	–	1,695,073
2012 final dividend paid *(note 12(b))*	–	–	(9,983)	–	–	–	–	–	(9,983)	–	(9,983)
Equity-settled share-based payments *(note 35)*	–	–	–	–	3,505	–	–	–	3,505	–	3,505
Cancellation of share options	–	–	–	–	(5,296)	–	–	5,296	–	–	–
Transactions with owners	–	–	(9,983)	–	(1,791)	–	–	5,296	(6,478)	–	(6,478)
Loss for the year	–	–	–	–	–	–	–	(195,402)	(195,402)	–	(195,402)
Other comprehensive income:											
Net fair value loss on available-for-sale financial assets	–	–	–	–	–	(756)	–	–	(756)	–	(756)
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	–	–	–	–	–	9	–	–	9	–	9
Total comprehensive income for the year	–	–	–	–	–	(747)	–	(195,402)	(196,149)	–	(196,149)
At 30 June 2013 and 1 July 2013	34,785	1,274,759	–	–	6,303	5,145	–	171,454	1,492,446	–	1,492,446

	Equity attributable to owners of the Company										
	Share capital	Share premium account	Proposed final dividend	Translation reserve	Share-based payment reserve	Revaluation reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2013	34,785	1,274,759	–	–	6,303	5,145	–	171,454	1,492,446	–	1,492,446
Equity-settled share-based payments *(note 35)*	–	–	–	–	2,938	–	–	–	2,938	–	2,938
Disposal of interests in subsidiaries that does not result in loss of control *(note 34)*	–	–	–	–	–	–	7,361	–	7,361	(8)	7,353
Expenses directly attributable to the disposal of interests in subsidiaries that does not result in loss of control	–	–	–	–	–	–	(4,364)	–	(4,364)	–	(4,364)
Transactions with owners	–	–	–	–	2,938	–	2,997	–	5,935	(8)	5,927
Profit for the year	–	–	–	–	–	–	–	10,502	10,502	(51)	10,451
Other comprehensive income:											
Net fair value gain on available-for-sale financial assets	–	–	–	–	–	2,147	–	–	2,147	–	2,147
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	–	–	–	–	–	9,865	–	–	9,865	–	9,865
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	–	–	–	–	–	(8,667)	–	–	(8,667)	–	(8,667)
Exchange differences arising on translation of foreign operations	–	–	–	6,159	–	–	–	–	6,159	–	6,159
Total comprehensive income for the year	–	–	–	6,159	–	3,345	–	10,502	20,006	(51)	19,955
At 30 June 2014	34,785	1,274,759	–	6,159	9,241	8,490	2,997	181,956	1,518,387	(59)	1,518,328

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

1. GENERAL INFORMATION

Richfield Group Holdings Limited (the "Company") is an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Unit 1209, 12th Floor, Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Hong Kong. The Company's issued shares have been listed on the Main Board (the "Main Board") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 2 December 2010.

The principal activity of the Company is investment holding. Details of its subsidiaries (together with the Company referred to as the "Group") are set out in note 18. The Group is principally engaged in the provision of property brokerage services, provision of schemes for property consolidation, assembly and redevelopment, property trading and property development. During the year, the Group set up a team for engaging in property investment and trading which management considers it is one of the ordinary activities of the Group and the revenue derived from this business is classified as revenue. Accordingly, certain comparative figures in note 5 – segment information for the year ended 30 June 2013 have been restated. Other than this, there were no significant changes in the Group's operations during the year.

The consolidated financial statements on pages 34 to 108 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("HK$'000") unless otherwise stated.

2. ADOPTION OF NEW AND AMENDED HKFRSS

2.1 Adoption of New and Amended HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 July 2013:

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement

Except as explained below, the adoption of these new and amended HKFRSs has no material impact on the Group's financial statements.

HKFRS 10, Consolidated Financial Statements

HKFRS 10 replaces the requirements in HKAS 27, Consolidated and Separate Financial Statements relating to the preparation of consolidated financial statements and HK SIC Interpretation 12, Consolidation – Special Purpose Entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 July 2013.

HKFRS 11, Joint Arrangements

HKFRS 11, which replaces HKAS 31, Interests in Joint Ventures, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale) in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

HKFRS 12, Disclosure of Interests in Other Entities

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

HKFRS 12 disclosures are provided in notes 18, 19 and 20. As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

HKFRS 13, Fair Value Measurement

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

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance. The standard requires additional disclosures about fair value measurements and these are included in note 17. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

2.2 New and Amended HKFRSs That Have Been Issued But are not Yet Effective

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group. The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain new and amended HKFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

HKFRS 9, Financial Instruments

This standard is effective for accounting periods beginning on or after 1 January 2018. Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15, Revenue from Contracts with Customers

This standard is effective for accounting periods beginning on or after 1 January 2017. HKFRS 15 establishes a single revenue recognition framework. An entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Amendments to HKAS 32, Offsetting Financial Assets and Financial Liabilities

This standard is effective for accounting periods beginning on or after 1 January 2014. The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Preparation

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

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

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

3.2 Basis of Consolidation

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

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

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

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in those non-controlling interests having a deficit balance.

3.3 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control directly or indirectly. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3.4 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

3.5 Joint Arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

(i) Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or

(ii) Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

(i) the structure of the joint arrangement;

(ii) the legal form of joint arrangements structured through a separate vehicle;

(iii) the contractual terms of the joint arrangement agreement; and

(iv) any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method – see note 3.4).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

3.6 Goodwill

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

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

If the consideration transferred and the amount recognised for non-controlling interests is less than the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired, the difference is recognised directly in profit or loss, after re-assessment.

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

3.7 Foreign Currency Translation

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

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

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

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

3.8 Property, Plant and Equipment

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

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

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

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

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

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

3.9 Impairment of Non-Financial Assets

Goodwill, property, plant and equipment and interests in subsidiaries, associates and a joint venture are subject to impairment testing.

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

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

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

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

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

3.10 Investment Property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

3.11 Operating Leases

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

(i) Assets Acquired under Finance Leases

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

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

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

(ii) Operating Lease Charges as the Lessee

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

(iii) Assets Leased Out Under Operating Leases as the Lessor

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

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

3.12 Properties Held for Trading

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

3.13 Properties Under Development

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

3.14 Financial Assets

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

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

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

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

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

(i) Loans and Receivables

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

(ii) Financial Assets at Fair Value Through Profit or Loss

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

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

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

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

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

Subsequent to initial recognition, financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised in accordance with the Group's policies in note 3.20.

(iii) *Available-for-Sale Financial Assets*

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

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

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

Impairment of Financial Assets

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

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

– significant financial difficulty of the debtor;

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

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

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

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

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

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

(i) Financial Assets Carried at Amortised Cost

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

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

(ii) Available-for-Sale Financial Assets

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

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

(iii) Financial Assets Carried at Cost

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

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

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

3.15 Cash and Cash Equivalents

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

3.16 Financial Liabilities

The Group's financial liabilities include trade and other payables, borrowings, finance lease liabilities and amount due to non-controlling shareholder.

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

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

(i) Trade and Other Payables, Borrowings and Amount Due to Non-Controlling Shareholder

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

(ii) Finance Lease Liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see note 3.11(i)).

3.17 Provisions and Contingent Liabilities

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

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

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

3.18 Share Capital

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

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

3.19 Borrowing Costs

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

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

3.20 Revenue Recognition

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

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

Trading of property and sale of properties under development are recognised upon the signing of the sale and purchase agreement;

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

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

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

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

3.21 Income Tax

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

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

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

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

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

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

Income taxes are recognised in profit or loss, except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity income in which case the taxes are also recognised directly in equity.

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

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

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

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

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

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

    (i) the same taxable entities; or

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

3.22 Retirement Benefit Costs and Short Term Employee Benefits

(i) Defined Contribution Retirement Plan

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

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

(ii) *Short-Term Employee Benefits*

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

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

3.23 Share-Based Employee Compensation

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

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

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

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

3.24 Segment Reporting

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

The Group has identified the following reportable segments:

Property Assembly and Brokerage Business:	Provision of property brokerage services; provision of schemes for property consolidation, assembly and redevelopment; and property trading for assembly projects purpose.
Property Development Business:	The Group's property development business is segregated further into two reportable segments on a geographical basis – Hong Kong and the United Kingdom
Property Investment and Trading Business:	Investment in the properties and property trading for profit-making purpose

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

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

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

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

No asymmetrical allocations have been applied to reportable segments.

3.25 Related Parties

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

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

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

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

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

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

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

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

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

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

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

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

3.26 Financial Guarantee Contract

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

4.1 Estimated Impairment of Goodwill

The Group tests goodwill arising from business combinations annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 3.9. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require estimations of the value-in-use of the CGUs to which the goodwill is allocated. During the year, an impairment loss of HK$198,000,000 has been recognised. If the actual growth rate had been lower or the pre-tax discounted rate higher than management's estimates or the estimated cash flows later than management estimates due to the delay in the process of the projects' completion, the Group may make the further impairment losses that arose on goodwill.

4.2 Net Realisable Value of Properties Held for Trading and Properties Under Development

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

4.3 Impairment of Receivables

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

4.4 Impairment of Available-for-Sale Financial Assets

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

4.5 Taxation

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

4.6 Fair Value of Investment Properties

Investment properties are carried at their fair value. The fair value of the investment properties was determined by reference to valuations conducted on these properties by the independent professional valuers using property valuation techniques which involve certain assumptions. Favourable or unfavourable changes to these assumptions may result in changes in the fair value of the Group's investment properties and corresponding adjustments to the changes in fair value reported in profit or loss and the carrying amount of these properties included in the consolidated statement of financial position.

5. SEGMENT INFORMATION

The executive directors have identified the Group's four product and service lines as operating segments as further described in note 3.24. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

There was no inter-segment sale and transfer during the year (2013: Nil).

	Property Assembly and Brokerage Business		Property Development Business – Hong Kong		Property Development Business – the United Kingdom		Property Investment and Trading Business		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
Reportable segment revenue:										
From external customers	63,356	100,440	–	–	491,747	–	5,269	6,050	560,372	106,490
Reportable segment profit/(loss)	(190,613)	(189,375)	(766)	(267)	156,326	4,045	39,113	5,939	4,060	(179,658)
Bank interest income	303	456	24	–	102	39	1	–	430	495
Depreciation	7,020	7,928	–	–	–	–	65	–	7,085	7,928
Reversal of write-down of properties held for trading to its net realisable value	–	(452)	–	–	–	–	–	–	–	(452)
Fair value gain on inventories reclassified as investment properties	1,047	–	–	–	–	–	–	–	1,047	–
Fair value gain on investment properties	–	–	–	–	–	–	35,000	–	35,000	–
Impairment loss in respect of goodwill	198,000	203,000	–	–	–	–	–	–	198,000	203,000
Reportable segment assets	417,120	676,586	445,784	446,569	11,189	314,419	259,523	191,509	1,133,616	1,629,083
Additions to non-current assets during the year	–	1,828	–	–	–	–	60,896	–	60,896	1,828
Reportable segment liabilities	171,972	183,970	218,985	234,236	34,532	2,630	88,590	92,420	514,079	513,256

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2014 *HK$'000*	2013 *HK$'000* (Restated)
Reportable segment revenue	560,372	106,490
Rental income derived from new segment – Property Investment and Trading Business	–	(6,050)
Consolidated revenue	560,372	100,440
Reportable segment profit/(loss)	4,060	(179,658)
Renovation service income	41	24
Net fair value gain on financial assets at fair value through profit or loss	–	1,009
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	8,667	(9)
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	(9,865)	–
Interest income	6,430	6,010
Dividend income	10,167	1,154
Share of profit of associates	104	413
Share of profit of a joint venture	106	535
Finance costs	–	(1)
Exchange gain/(loss), net	40,066	(5,966)
Equity-settled share-based payments	(2,938)	(3,505)
Corporate salaries and allowances	(3,929)	(3,380)
Depreciation on corporate property, plant and equipment	(733)	(441)
Corporate rent and rates	(4,301)	(3,560)
Unallocated corporate expenses	(3,169)	(3,088)
Profit/(Loss) before income tax	44,706	(190,463)
Reportable segment assets	1,133,616	1,629,083
Available-for-sale financial assets	100,753	90,676
Financial assets at fair value through profit or loss	1,372	607
Corporate cash and bank balances and short term deposits	685,361	205,152
Share of net assets of associates	517	413
Share of net assets of a joint venture	640	535
Amounts due from associates	104,142	72,415
Amounts due from a joint venture	4,526	4,631
Other corporate assets	2,650	2,326
Group assets	2,033,577	2,005,838
Reportable segment liabilities	514,079	513,256
Other corporate liabilities	1,170	136
Group liabilities	515,249	513,392

The following table provides an analysis of the Group's revenue from external customers.

	2014 *HK$'000*	2013 *HK$'000* (Restated)
Hong Kong	68,625	106,490
United Kingdom	491,747	–
	560,372	106,490

Non-current assets are located in Hong Kong. The geographical location of customers is based on the location at which the services were provided and the goods were delivered. The geographical location of non-current assets is based on the physical location of the assets.

During the year, there was neither revenue from external customers attributable to the Cayman Islands (domicile) (2013: Nil) nor non-current assets were located in the Cayman Islands (2013: Nil). The country of domicile is the country where the Company was incorporated.

Revenue from the major customers is as follows:

	2014 *HK$'000*	2013 *HK$'000*
Customer A *(note i)*	59,100	72,187
Customer B *(note i)*	–	15,361
Customer C *(note ii)*	491,747	–
	550,847	87,548

Notes:

(i) derived from the Property Assembly and Brokerage Business.

(ii) derived from the Property Development Business.

6. REVENUE

The Group's principal activities are disclosed in note 1 to the financial statements. Revenue from the Group's principal activities recognised during the year is as follows:

	2014 *HK$'000*	2013 *HK$'000*
Commission income	61,554	99,283
Lease management services income	1,802	1,157
Rental income from investment properties	5,269	–
Sale of properties under development	491,747	–
	560,372	100,440

7. OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Interest income	6,860	6,505
Dividend income	10,167	1,154
Rental income from properties held for trading and properties under development	6,153	5,158
Renovation service income	41	24
Rental income from investment properties	–	6,050
Net fair value gain on financial assets at fair value through profit or loss	–	1,009
Fair value gain on inventories reclassified as investment properties	1,047	–
Fair value gain on investment properties	35,000	–
Gain on disposal of property, plant and equipment	–	3
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	8,667	–
Exchange gain, net	40,066	–
Sundry income	947	980
	108,948	20,883

8. PROFIT/(LOSS) BEFORE INCOME TAX

	2014	2013
	HK$'000	*HK$'000*
Profit/(Loss) before income tax is arrived at after charging/(crediting) the following:		
Auditor's remuneration		
– current year provision	766	695
– under-provision in respect of previous years	106	8
Cost of inventories recognised as expense, including:		
– cost of properties sold	340,004	–
– reversal of write-down of properties held for trading to its net realisable value	–	(452)
Depreciation	7,818	8,369
Directors' remuneration *(note 15(a))*	2,488	2,865
Equity-settled share-based payments *(note 35)*	2,938	3,505
Exchange (gain)/loss, net *(note 7)*	(40,066)	6,048
Minimum lease payments under operating lease rentals for land and buildings	5,653	5,221
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets *(note 7)*	(8,667)	9
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	9,865	–

9. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest charges on:		
Bank loans		
– wholly repayable within five years	4,826	5,997
– not wholly repayable within five years	2,394	2,548
Total borrowing costs	7,220	8,545
Less: interest capitalised in properties under development *(note 24)**	(7,215)	(8,542)
	5	3

* *Borrowing costs have been capitalised at effective interest rates ranged from 2.13% to 2.50% (2013: 1.96% to 2.80%) per annum.*

The above analysis shows the finance costs of bank borrowings, including those with a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements.

10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

Income tax in the consolidated income statement is as follows:

	2014	2013
	HK$'000	*HK$'000*
Current tax – Hong Kong profits tax		
Provision for the year	1,756	3,209
(Over)/Under-provision in respect of prior years	(242)	286
	1,514	3,495
Current tax – Overseas		
Provision for the year	32,992	828
Deferred tax *(note 33)*	(251)	616
Total income tax expense	34,255	4,939

Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

	2014	2013
	HK$'000	*HK$'000*
Profit/(Loss) before income tax	44,706	(190,463)
Notional tax on profit or loss before income tax, calculated at the rates applicable to profits/loss in the countries concerned	14,417	(31,268)
Tax effect of share of profit of associates and a joint venture	96	(156)
Tax effect of non-deductible expenses	34,005	37,761
Tax effect of non-taxable revenue	(15,829)	(1,789)
Tax effect of temporary difference not recognised	468	176
Tax effect of unused tax losses not recognised	1,340	76
Tax effect of prior year's unrecognised tax losses utilised this year	–	(147)
(Over)/Under-provision in prior years	(242)	286
Income tax expense	34,255	4,939

11. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

Of the consolidated profit attributable to owners of the Company of HK$10,502,000 (2013: a loss of HK$195,402,000), a profit of HK$45,415,000 (2013: a loss of HK$14,669,000) has been dealt with in the financial statements of the Company.

12. DIVIDENDS

(a) The directors do not recommend the payment of final dividend for the year ended 30 June 2014 (2013: Nil).

(b) Dividend attributable to the previous year approved and paid during the year:

	2014	2013
	HK$'000	*HK$'000*
Final dividend (2013: HK0.287 cent per share)	–	9,983

13. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share is based on the following data:

	2014	2013
Profit/(Loss) for the year, attributable to owners of the Company *(HK$'000)*	10,502	(195,402)
Number of shares *('000)*		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	3,478,500	3,478,500

There were no diluted potential ordinary shares for the years ended 30 June 2014 and 2013 as the outstanding share options were out of the money for the purpose of the diluted earnings/(loss) per share calculation.

14. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2014	**2013**
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	37,992	63,006
Equity-settled share-based payments	238	3,505
Pension costs – defined contribution plans	1,211	1,481
	39,441	67,992

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

(a) Directors' Emoluments

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

	Fees	**Salaries, allowances and benefits in kind**	**Equity-settled share-based payments**	**Pension cost – defined contribution plans**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30 June 2014					
Executive directors					
Mr. Lee Wing Yin	928	–	119	15	1,062
Mr. Ngan Man Ho	852	–	119	15	986
Non-executive director					
Mr. Lai Hin Wing Henry	110	–	–	–	110
Independent non-executive directors					
Mr. Koo Fook Sun Louis	110	–	–	–	110
Mr. Lung Hung Cheuk	110	–	–	–	110
Ms. Yeung Wing Yan Wendy	110	–	–	–	110
	2,220	–	238	30	2,488

	Fees	Salaries, allowances and benefits in kind	Equity-settled share-based payments	Pension cost – defined contribution plans	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30 June 2013					
Executive directors					
Mr. Lee Wing Yin	840	–	138	15	993
Mr. Ngan Man Ho	795	–	138	15	948
Non-executive director					
Mr. Lai Hin Wing Henry	72	–	138	–	210
Independent non-executive directors					
Mr. Koo Fook Sun Louis	100	–	138	–	238
Mr. Lung Hung Cheuk	100	–	138	–	238
Ms. Yeung Wing Yan Wendy	100	–	138	–	238
	2,007	–	828	30	2,865

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2013: Nil).

(b) Five Highest Paid Individuals

Of the five individuals whose emoluments were the highest in the Group for the year ended 30 June 2014, two (2013: two) are directors whose emoluments are reflected in the analysis presented above. The emoluments paid/payable to the three (2013: three) individuals for the years ended 30 June 2014 and 2013 are as follows:

	2014	2013
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	8,134	10,898
Equity-settled share-based payments	–	1,518
Pension costs – defined contribution plans	46	45
	8,180	12,461

Their emoluments fell within the following bands:

	Number of individuals	
	2014	2013
Emolument bands		
Nil to HK$1,000,000	1	–
HK$1,000,001 to HK$1,500,000	–	1
HK$1,500,001 to HK$2,000,000	1	–
HK$3,000,001 to HK$3,500,000	–	1
HK$5,500,001 to HK$6,000,000	1	–
HK$8,000,001 to HK$8,500,000	–	1

During the years ended 30 June 2014 and 2013, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office.

There was no arrangement under which any of the five highest paid employees waived or agreed to waive any remuneration during the year (2013: Nil).

The emoluments paid or payable to member of senior management were within the following bands:

	Number of individuals	
	2014	**2013**
Emolument bands		
HK$5,500,001 to HK$6,000,000	1	–
HK$8,000,001 to HK$8,500,000	–	1

16. PROPERTY, PLANT AND EQUIPMENT

(a) Group

	Leasehold properties	Furniture, fixtures and equipment	Motor vehicles	Leasehold improve-ments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2012					
Cost	129,816	9,419	3,718	7,741	150,694
Accumulated depreciation	(4,062)	(4,585)	(322)	(3,378)	(12,347)
Net carrying amount	125,754	4,834	3,396	4,363	138,347
Year ended 30 June 2013					
Opening net book amount	125,754	4,834	3,396	4,363	138,347
Additions	–	984	–	2,960	3,944
Disposals	–	(420)	–	–	(420)
Depreciation	(3,054)	(1,389)	(744)	(3,182)	(8,369)
Closing net book amount	122,700	4,009	2,652	4,141	133,502
At 30 June 2013 and 1 July 2013					
Cost	129,816	9,983	3,718	10,701	154,218
Accumulated depreciation	(7,116)	(5,974)	(1,066)	(6,560)	(20,716)
Net carrying amount	122,700	4,009	2,652	4,141	133,502

	Leasehold properties	Furniture, fixtures and equipment	Motor vehicles	Leasehold improve-ments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30 June 2014					
Opening net book amount	122,700	4,009	2,652	4,141	133,502
Additions	–	397	1,961	447	2,805
Depreciation	(3,053)	(1,609)	(809)	(2,347)	(7,818)
Closing net book amount	119,647	2,797	3,804	2,241	128,489
At 30 June 2014					
Cost	129,816	10,380	5,679	11,148	157,023
Accumulated depreciation	(10,169)	(7,583)	(1,875)	(8,907)	(28,534)
Net carrying amount	119,647	2,797	3,804	2,241	128,489

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

As at 30 June 2014, the Group's leasehold properties with net carrying amount of HK$98,237,000 (2013: HK$100,618,000) were pledged to secure bank loans of HK$44,320,000 (2013: HK$45,880,000) granted to the Group (note 29).

Furniture, fixtures and equipment with net carrying amount of HK$1,836,000 (2013: HK$2,220,000) are held under finance leases (note 30).

(b) Company

	Furniture, fixtures and equipment	Leasehold improvements	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 July 2012			
Cost	157	687	844
Accumulated depreciation	(128)	(592)	(720)
Net carrying amount	29	95	124
Year ended 30 June 2013			
Opening net book amount	29	95	124
Additions	135	1,981	2,116
Depreciation	(45)	(370)	(415)
Closing net book amount	119	1,706	1,825
At 30 June 2013 and 1 July 2013			
Cost	292	2,668	2,960
Accumulated depreciation	(173)	(962)	(1,135)
Net carrying amount	119	1,706	1,825

	Furniture, fixtures and equipment	Leasehold improvements	Total
	HK$'000	*HK$'000*	*HK$'000*
Year ended 30 June 2014			
Opening net book amount	119	1,706	1,825
Depreciation	(48)	(660)	(708)
Closing net book amount	71	1,046	1,117
At 30 June 2014			
Cost	292	2,668	2,960
Accumulated depreciation	(221)	(1,622)	(1,843)
Net carrying amount	71	1,046	1,117

17. INVESTMENT PROPERTIES – GROUP

	2014	2013
	HK$'000	*HK$'000*
Fair value		
At 1 July	190,000	–
Transferred from properties held for trading	24,000	190,000
Change in fair value	35,000	–
At 30 June	249,000	190,000

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

As at 30 June 2014, the Group's investment properties of HK$225,000,000 (2013: HK$190,000,000) were pledged to secure bank loans of HK$86,432,000 (2013: HK$90,135,000) granted to the Group (note 29).

The fair value of the Group's investment properties at 30 June 2014 has been arrived at on market value basis carried out by the independent professional valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. Fair values as at 30 June 2014 are determined either

(i) using direct comparison approach for shop units in Hong Kong. The comparison based on prices realised on actual sales of comparable properties is made. Comparable properties with similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

Significant unobservable inputs	**Range**
Quality of properties	–9% to 22%

The higher the differences in the quality of the Group's properties and the comparable properties would result in correspondingly higher or lower fair value.

(ii) using investment method for the roof of the building with rooftop advertising signage in Hong Kong. This is based on capitalisation of the net rental income with due allowance for reversionary income potential. The direct comparison method is also adopted in estimating the values of their reversionary interest (if any).

Significant unobservable inputs	**Rate**
Return rate	7.5%

The higher the return rate would result in correspondingly higher fair value.

The fair value of all the investment properties is a Level 3 recurring fair value measurement. During the year, there were no transfers between Level 1 and Level 2, and no transfers into or out of Level 3.

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

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

	2014	**2013**
	HK$'000	*HK$'000*
Non-current		
Unlisted investments, at cost	–	–
Current		
Due from subsidiaries	777,901	1,191,578
Due to subsidiaries	207,599	182,672

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

The directors of the Company are of the opinion that a complete list of the particulars of all the subsidiaries is of excessive length and therefore the following list contains only the particulars of the subsidiaries which materially affect the results or assets of the Group. Details of principal subsidiaries as at 30 June 2014 are as follows:

	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital	Percentage of ownership interests/ voting rights/profit share				Principal activities
			Directly		Indirectly		
			2014	2013	2014	2013	
Vastwood Ltd.	The British Virgin Islands (the "BVI")	Ordinary, United States Dollars ("US$")1	100	100	–	–	Investment holding
Richfield Property Consultants Limited (formerly known as A-Join Property Agency Limited)	Hong Kong ("HK")	Ordinary, HK$1	–	–	100	100	Property agency

	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital	Percentage of ownership interests/ voting rights/profit share				Principal activities
			Directly		Indirectly		
			2014	2013	2014	2013	
Richfull Consultants Limited	HK	Ordinary, HK$1	–	–	100	100	Consultancy services
Richfield Realty Limited ("Richfield Realty")	HK	Ordinary, HK$1	–	–	100	100	Property agency and site assembly
World Fair Global Limited	The BVI	Ordinary, US$1	100	100	–	–	Investment holding
Maison Investment Development Ltd.	The BVI	Ordinary, US$1	–	–	100	100	Property holding
Merchant Haven Limited	The BVI	Ordinary, US$1	–	–	100	100	Property holding
Mutual Wave Limited	HK	Ordinary, HK$1	–	–	100	100	Property holding
Sentiment Great Limited	The BVI	Ordinary, US$1	–	–	100	100	Property holding
Central Fly Limited	The BVI	Ordinary, US$1	–	–	100	100	Property investment
Wo Ming Limited	The BVI	Ordinary, US$1	–	–	100	100	Property holding
Brilliant Icon Limited	The BVI	Ordinary, US$1	–	–	100	100	Property investment
Glory Peak Holdings Limited	The BVI	Ordinary, US$1	–	–	100	100	Property holding
Prosper Day Limited	The BVI	Ordinary, US$1	–	–	100	100	Property holding
High Bond Limited	The BVI	Ordinary, US$1	–	–	51	100	Property development
Macro Win Limited	The BVI	Ordinary, US$1	–	–	51	100	Property development
Wofeng Holding Limited	The BVI	Ordinary, US$1	–	–	51	100	Property development
Ace Decade Development Limited	The United Kingdom	Ordinary, British Pound ("GBP")1	–	–	100	100	Property development

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

	2014	2013
	HK$'000	*HK$'000*
Non-current		
Share of net assets	517	413
Non-current		
Due from an associate	4,328	4,401
Current		
Due from associates	99,814	68,014

As at 30 June 2014, amounts due from associates are unsecured, interest-free and repayable on demand. The directors of the Company are of the opinion that amount due from one of the associates of HK$4,328,000 (2013: HK$4,401,000) is expected to be recovered after more than one year.

Particulars of associates as at 30 June 2014 are as follows:

Name of associates	Particular of issued and paid up share capital	Place of incorporation and operations	Form of business structure	Percentage of ownership interests/ voting rights/ profit share	Principal activities
Apex Plan Limited *(note a)*	10 ordinary shares of US$1 each	The BVI	Incorporated	30%	Investment holding
Everhost Limited *(note a)*	Ordinary share of HK$1	HK	Incorporated	30%	Property development
Gora Holdings Limited *(note a)*	1 ordinary share of US$1	The BVI	Incorporated	30%	Investment holding
Joint Channel Limited *(note a)*	Ordinary share of HK$1	HK	Incorporated	30%	Property development
Corporate Icon Limited *(note b)*	5 ordinary shares of US$1 each	The BVI	Incorporated	20%	Property holding

Notes:

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

(b) This associate adopts its financial year end date on 30 June.

The aggregated amounts of financial information as extracted from the financial statements of associates for the year ended 30 June 2014 are as follows:

	2014	2013
	HK$'000	*HK$'000*
Current assets	669,520	525,352
Non-current assets	29,392	27,509
Current liabilities	707,908	563,462
Revenue	426	309
Profit for the year	1,604	1,878

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

	2014	2013
	HK$'000	*HK$'000*
Unrecognised share of (profit)/loss of associates for the year	(326)	73
Accumulated unrecognised share of losses of associates	3,475	3,801

20. INTERESTS IN A JOINT VENTURE AND AMOUNT DUE FROM A JOINT VENTURE – GROUP

	2014	2013
	HK$'000	*HK$'000*
Non-current		
Share of net assets	640	535
Non-current		
Due from a joint venture	4,526	4,631

As at 30 June 2014, amount due from a joint venture is unsecured, interest-free and repayable on demand. The directors of the Company are of the opinion that amount due of HK$4,526,000 is expected to be recovered after more than one year.

Particulars of the joint venture as at 30 June 2014 are as follows:

Name of a joint venture	Particular of issued and paid up shares	Place of incorporation and operations	Form of business structure	Percentage of ownership interests/ voting rights/ profit share	Principal activities
Cosmo Reach Limited ("Cosmo")	10 ordinary shares of US$1 each	The BVI	Incorporated	10%*	Property holding

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

The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with rights to the assets and obligation for the liabilities of the joint arrangement resting primary with Cosmo. Under HKFRS 11, this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

Summarised financial information in relation to the joint venture is presented below:

	2014	**2013**
	HK$'000	*HK$'000*
Non-current assets	52,530	51,470
Current assets	1	4
Current liabilities	46,127	46,125
Included in the above amounts are:		
Current financial liabilities (excluding trade and other payables)	46,127	46,125
Revenue	1,181	7,769
Profit for the year	1,055	7,737

21. GOODWILL – GROUP

Goodwill arose from the acquisition of Richfield Realty in 2007. The net carrying amount of HK$73,000,000 (2013: HK$271,000,000) as at 30 June 2014 is attributable to the Property Assembly and Brokerage Business.

The recoverable amounts of the CGU engaged in the Property Assembly and Brokerage Business were determined based on value-in-use calculations, using cash flow projections based on financial budgets covering a five-year period approved by management and valued by the independent professional valuers. For the year ended 30 June 2014, the cash flows beyond the five-year period (2013: five-year period) were extrapolated using an average growth rate of 2% (2013: 2%). The growth rates reflected the long-term average growth rates of this CGU. The discount rate applied to cash flow calculation was 12% (2013: 9%).

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

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

	2014	**2013**
	HK$'000	*HK$'000*
Cost		
At 1 July and 30 June	474,000	474,000
Accumulated impairment loss		
At 1 July	203,000	–
Impairment loss recognised in the year	198,000	203,000
At 30 June	401,000	203,000
Net carrying amount	73,000	271,000

Given (i) various cooling measures of the Hong Kong Special Administration Region (the "HK Government") to manage the excess demand on housing and curb property prices for both residential and non-residential properties cause a sustainable impact on the property market and a much poor market sentiment for property assembly and brokerage business. It has further slowed down the transaction volume of properties during the year; (ii) the HK Government is keen on increasing the land supply so as to ensure the stable development of the property market. In February 2014, the Lands Department of the HK Government announced a new land sale program that 34 residential sites, i.e. 15,500 flats, are capable to be provided; and (iii) in June 2014, a new practice note of the "House" restrictions under the Government Leases has been circulated by the Lands Administration Office of the Lands Department in regards to a landmark judgement delivered by the Court of Final Appeal of Hong Kong in May 2013 and it may increase the cost of acquisition of land eventually, the property owners adopted a wait-and-see attitude towards the property market while the developers adopted a conservative purchasing strategy. As a result, some of the property assembly and brokerage projects of the Group were affected by the poor market sentiment and were temporarily suspended during the year.

As a result of these situations, which the directors have factored into their value-in-use calculations and forecast, the directors considered that there had been an impairment in goodwill of HK$198,000,000 (2013: HK$203,000,000) during the year.

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

	2014	**2013**
	HK$'000	*HK$'000*
Non-Current		
Listed equity securities – Hong Kong	18,333	33,658
Listed debts investments – Hong Kong	25,460	25,728
Listed debts investments – outside Hong Kong	5,028	–
Unlisted investment funds	26,754	31,290
	75,575	90,676
Current		
Listed debts investments – Hong Kong	25,178	–
	100,753	90,676

	2014	**2013**
	HK$'000	*HK$'000*
Net carrying amount at beginning of the year	90,676	93,797
Additions	33,367	–
Disposals	(25,437)	(2,365)
Change in fair value credited/(debited) to revaluation reserve in equity	2,147	(756)
Net carrying amount at end of the year	100,753	90,676

Listed equity securities, listed debts investments and unlisted investment funds with carrying amounts of HK$18,333,000 (2013: HK$33,658,000), HK$55,666,000 (2013: HK$25,728,000) and HK$15,365,000 (2013: HK$22,325,000) respectively are stated at fair value. The fair values have been determined directly by reference to published price and quotations in active markets.

Unlisted investment funds with a carrying amount of HK$11,389,000 (2013: HK$8,965,000) are measured at cost less impairment losses as the variability in the range of reasonable fair value estimates is significant and the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value. The directors of the Company are of the opinion that the fair value cannot be measured reliably.

As at 30 June 2014 and 2013, available-for-sale financial assets were individually determined to be impaired on the basis of a material decline in their fair value below cost which indicated that the investment costs may not be recovered. For the year ended 30 June 2014, an impairment of HK$9,865,000 (2013: Nil) on these investments was recognised in profit or loss in accordance with the policy set out in note 3.14 and its fair value was HK$9,269,000 as at 30 June 2013.

23. PROPERTIES HELD FOR TRADING – GROUP

Analysis of carrying amount of properties held for trading is as follows:

	2014	**2013**
	HK$'000	*HK$'000*
In Hong Kong		
– 10 to 50 years (medium leases)	70	23,023
– 50 years or more (long leases)	50,052	50,052
	50,122	73,075

24. PROPERTIES UNDER DEVELOPMENT – GROUP

Analysis of carrying amount of properties under development is as follows:

	2014	**2013**
	HK$'000	*HK$'000*
In Hong Kong		
– 10 to 50 years (medium leases)	444,444	435,901
Overseas		
– Freehold	–	309,584
	444,444	745,485

	2014	**2013**
	HK$'000	*HK$'000*
At cost:		
At the beginning of the year	745,485	426,888
Additions	31,748	310,055
Disposals	(340,004)	–
Interest capitalised *(note 9)*	7,215	8,542
At the end of the year	444,444	745,485

All properties under development are expected to be recovered after more than one year.

As at 30 June 2014, no properties under development were pledged to secure bank loans (2013: the Group's properties under development with carrying amounts of HK$435,901,000 were pledged to secure bank loans of HK$234,000,000 granted to the Group (note 29)).

25. TRADE RECEIVABLES – GROUP

The Group generally allows a credit period of 1 month (2013: 1 month) to its trade customers within Property Assembly and Brokerage Business, in accordance with the terms of the mutual agreements after individual negotiations.

Based on the invoice dates, ageing analysis of trade receivables is as follows:

	2014	2013
	HK$'000	*HK$'000*
Within 90 days	9,060	25,108
91 to 180 days	2,850	29,689
181 to 365 days	1,393	1,246
Over 365 days	2,751	2,630
	16,054	58,673

All trade receivables are subject to credit risk exposure. Impairment on trade receivables is recognised when the debts are identified to be irrecoverable.

Based on the due dates, ageing analysis of trade receivables is as follows:

	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	9,060	25,108
Less than 90 days past due	2,850	29,689
Over 90 days past due	4,144	3,876
Trade receivables that are past due but not impaired	6,994	33,565
	16,054	58,673

As at 30 June 2014, there was no amount denominated in a currency other than the functional currency of the entity to which they relate (2013: Nil).

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

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

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

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

These represented the unlisted investment funds and are held for trading purposes. The balances at the reporting dates are stated at fair value which have been determined by reference to the quoted bid prices at the reporting dates.

27. CASH AND BANK BALANCES – GROUP AND COMPANY

	Group		Company	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	76,001	57,636	27,413	19,419
Short-term deposits	658,052	184,377	657,449	183,776
Total cash and bank balances as stated in the statement of financial position	734,053	242,013	684,862	203,195
Short-term deposits with an original maturity of more than three months	(291,207)	(26,291)	(291,207)	(26,291)
Cash and cash equivalents for the presentation of the statement of cash flows	442,846	215,722	393,655	176,904

Cash at banks earn interest at rates up to 0.4% (2013: 0.4%) per annum based on the daily bank deposits rates. Short-term deposits earn interest at rates of 0.01% to 3.40% (2013: 0.01% to 3.50%) per annum and are eligible for immediate cancellation without receiving any interest for the last deposit period.

Included in cash and bank balances of the Group is an aggregate amount of HK$94,320,000 (2013: HK$112,378,000) of bank balances denominated in Renminbi ("RMB") placed with the banks in Hong Kong. RMB is not a freely convertible currency.

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

28. RESTRICTED BANK DEPOSITS – GROUP

These bank deposits are kept in the separate bank accounts by the Group as (i) these are temporarily received from the developers of the property assembly projects and are held on behalf of the developers for the purpose of the payments of initial deposits to the owners of the properties in accordance with the provisional sale and purchase agreements; and (ii) the rental income and rental deposits are temporarily received on behalf of the developers.

As these bank deposits are restricted to a specific use by the Group, they are not under the cash management of the Group.

29. BORROWINGS – GROUP

	2014	2013
	HK$'000	*HK$'000*
Current		
Bank loans, secured		
– Portion due for repayment within one year	5,886	5,219
– Portion due for repayment after one year which contain a repayment on demand clause	124,866	130,796
	130,752	136,015
Non-current		
Bank loans, secured	–	234,000
	130,752	370,015

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

	2014	2013
	HK$'000	**HK$'000**
Within one year or on demand	5,886	5,219
In the second year	6,704	5,870
In the third to fifth years, inclusive	51,723	288,184
Beyond five years	66,439	70,742
	130,752	370,015

The interest-bearing borrowings were secured by guarantees by Mr. Au Wing Wah, a substantial shareholder of the Company (solely for the bank borrowings of HK$44,320,000 (2013: HK$45,880,000)), and the pledge of certain properties under property, plant and equipment (note 16(a)) and investment properties (note 17) with net carrying amounts of HK$98,237,000 and HK$225,000,000 (2013: property, plant and equipment (note 16(a)), investment properties (note 17) and properties under development (note 24) with net carrying amounts of HK$100,618,000, HK$190,000,000 and HK$435,901,000) respectively as at 30 June 2014.

The effective interest rates of the Group's borrowings ranged from 2.09% to 2.72% (2013: 1.96% to 2.80%) per annum.

30. FINANCE LEASE LIABILITIES – GROUP

	2014 *HK$'000*	2013 *HK$'000*
Total minimum lease payments:		
Due within one year	432	384
Due in the second to fifth years	1,404	1,836
	1,836	2,220
Future finance charges on finance leases	–	–
Present value of finance lease liabilities	1,836	2,220

	2014 *HK$'000*	2013 *HK$'000*
Present value of minimum lease payments:		
Due within one year under current liabilities	432	384
Due in the second to fifth years under non-current liabilities	1,404	1,836
	1,836	2,220

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

Finance lease liabilities are effectively secured by the underlying assets (note 16(a)) as the rights to the leased asset will be reverted to the lessor in the event of default of repayment by the Group.

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

31. SHARE CAPITAL

	2014		2013	
	Number of shares *'000*	*HK$'000*	**Number of shares** *'000*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	10,000,000	100,000	10,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At the beginning of the year and the end of the year	3,478,500	34,785	3,478,500	34,785

32. RESERVES

Group

The amounts of the Group's reserves and the movements therein during the year are presented in the consolidated statement of changes in equity on pages 40 to 41 of the financial statements.

Company

	Share premium account HK$'000	Proposed final dividend HK$'000	Share-based payment reserve HK$'000	Revaluation reserve HK$'000	(Accumulated losses)/ Retained profits HK$'000	Total HK$'000
At 1 July 2012	1,274,759	9,983	8,094	5,892	(4,561)	1,294,167
2012 final dividend paid *(note 12(b))*	–	(9,983)	–	–		(9,983)
Equity-settled share-based payments *(note 35)*	–	–	3,505	–	–	3,505
Cancellation of share options	–	–	(5,296)	–	5,296	–
Transactions with owners	–	(9,983)	(1,791)	–	5,296	(6,478)
Loss for the year	–	–	–	–	(14,669)	(14,669)
Other comprehensive income:						
Net fair value loss on available-for-sale financial assets	–	–	–	(756)	–	(756)
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	–	–	–	9	–	9
Total comprehensive income for the year	–	–	–	(747)	(14,669)	(15,416)
At 30 June 2013 and 1 July 2013	1,274,759	–	6,303	5,145	(13,934)	1,272,273
Equity-settled share-based payments *(note 35)*	–	–	2,938	–	–	2,938
Transactions with owners	–	–	2,938	–	–	2,938
Profit for the year	–	–	–	–	45,415	45,415
Other comprehensive income:						
Net fair value gain on available-for-sale financial assets	–	–	–	2,147	–	2,147
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	–	–	–	9,865	–	9,865
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	–	–	–	(8,667)	–	(8,667)
Total comprehensive income for the year	–	–	–	3,345	45,415	48,760
At 30 June 2014	1,274,759	–	9,241	8,490	31,481	1,323,971

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

Other reserve represents the difference between the proportionate share of the carrying amount of its subsidiaries' net liabilities, assignment of debt amount and the consideration received for the disposal of a certain interests in subsidiaries that does not result in loss of control.

33. DEFERRED TAX – GROUP

Details of the deferred tax liabilities and assets recognised are as follows:

	Accelerated tax allowances	**Tax losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 July 2012	–	–	–
Charged to profit or loss *(note 10)*	827	(211)	616
At 30 June 2013 and 1 July 2013	827	(211)	616
Credited to profit or loss *(note 10)*	414	(665)	(251)
At 30 June 2014	1,241	(876)	365

For the purpose of presentation in consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2014	**2013**
	HK$'000	*HK$'000*
Deferred tax assets	(876)	(211)
Deferred tax liabilities	1,241	827
	365	616

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

	2014	2013
	HK$'000	*HK$'000*
Tax effect of temporary differences arising as a result of:		
Deferred tax assets:		
Tax losses available to set off against future assessable profits	2,037	698
Excess of depreciation charged in the financial statements over depreciation allowance claimed for tax purpose	190	–
	2,227	698
Deferred tax liabilities:		
Excess of depreciation allowance claimed for tax purposes over depreciation charged in the financial statements	–	295

No provision for deferred taxation has been recognised in respect of the tax losses of HK$12,348,000 (2013: HK$4,231,000) as this has not yet been all agreed with the Inland Revenue Department and there is the unpredictability of future profit streams. The tax losses do not expire under current tax legislation.

34. DISPOSAL OF INTERESTS IN SUBSIDIARIES AND AMOUNT DUE TO NON-CONTROLLING SHAREHOLDER

On 17 March 2014, the Group disposed of a 49% of equity interests in a subsidiary, Plan Link Limited ("Plan Link") and its subsidiaries ("Plan Link Group"), which are engaged in properties development project in Hong Kong, and entered into an assignment of debt to an independence third party at a consideration of HK$225,956,000. Upon completion, the Group holds 51% of Plan Link and is able to exercise control on Plan Link. The difference of HK$7,361,000 between the proportionate share of the carrying amount of its net liabilities, assignment of debt amount and the consideration received for the disposal have been credited to the Group's other reserve.

The transaction has been accounted for as equity transaction as follows:

	2014
	HK$'000
Consideration received for 49% ownership interest	225,956
Net liabilities attributable to 49% ownership interest	8
Assignment of debt – Amount due to non-controlling shareholder	(218,603)
Increase in equity attributable to owners of the Company (included in other reserve)	7,361

Amount due to non-controlling shareholder is unsecured, interest-free and repayable on demand.

35. SHARE-BASED PAYMENTS

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

The share option scheme adopted on 21 May 2002 by the Company (the "2002 Share Option Scheme") was terminated immediately after the conclusion of the 2011 AGM. However, the outstanding share options granted under the 2002 Share Option Scheme shall continue to be exercisable under the terms of issue.

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

2011 Share Option Scheme

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

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

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

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

An offer for the granting of share options shall be accepted in written within 21 days from the offer date and by way of payment of consideration of HK$1. The exercise period of the share options granted shall be determined by the board of directors and notified to the relevant grantee, but must not be more than ten years from the date of grant of the share options. The exercise price of the share options shall be a price determined by the board of directors at its absolute discretion and notified to a participant and shall be no less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the offer date; (ii) the average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the offer date; and (iii) the nominal value of the shares of the Company on the offer date.

The following shows the outstanding position of the share options granted under the share option schemes as at 30 June 2014:

Name or category of grantees	At 1 July 2013	Cancel during the year	Grant during the year	At 30 June 2014	Date of grant of share options	Exercise Period *(note a)*	Exercise price (HK$) *(note b)*
	Number of share options						
Directors							
Lee Wing Yin	1,000,000	–	–	1,000,000	26 October 2012	Period 3	0.395
	–	–	1,000,000	1,000,000	3 June 2014	Period 4	0.221
Ngan Man Ho	1,000,000	–	–	1,000,000	26 October 2012	Period 3	0.395
	–	–	1,000,000	1,000,000	3 June 2014	Period 4	0.221
Koo Fook Sun, Louis	1,000,000	–	–	1,000,000	26 October 2012	Period 3	0.395
Lung Hung Cheuk	1,000,000	–	–	1,000,000	26 October 2012	Period 3	0.395
Yeung Wing Yan, Wendy	1,000,000	–	–	1,000,000	26 October 2012	Period 3	0.395
Lai Hin Wing, Henry	1,000,000	–	–	1,000,000	26 October 2012	Period 3	0.395
	6,000,000	–	2,000,000	8,000,000			
Director of subsidiaries and the substantial shareholder							
Au Wing Wah	11,000,000	–	–	11,000,000	26 October 2012	Period 3	0.395
Consultant of the Company and the substantial shareholder							
Pong Wai San, Wilson	8,400,000	–	–	8,400,000	9 July 2010	Period 1	0.59
	8,400,000	–	–	8,400,000	26 October 2012	Period 3	0.395
	–	–	22,600,000	22,600,000	3 June 2014	Period 4	0.221
	16,800,000	–	22,600,000	39,400,000			
	33,800,000	–	24,600,000	58,400,000			

The following shows the outstanding position of share options granted under the share option schemes as at 30 June 2013:

Name or category of grantees	At 1 July 2012	Number of share options Cancel during the year	Grant during the year	At 30 June 2013	Date of grant of share options	Exercise Period *(note a)*	Exercise price (HK$) *(note b)*
Directors							
Lee Wing Yin	1,000,000	(1,000,000)	–	–	7 December 2010	Period 2	1.17
	–	–	1,000,000	1,000,000	26 October 2012	Period 3	0.395
Ngan Man Ho	–	–	1,000,000	1,000,000	26 October 2012	Period 3	0.395
Koo Fook Sun, Louis	1,000,000	(1,000,000)	–	–	7 December 2010	Period 2	1.17
	–	–	1,000,000	1,000,000	26 October 2012	Period 3	0.395
Lung Hung Cheuk	1,000,000	(1,000,000)	–	–	7 December 2010	Period 2	1.17
	–	–	1,000,000	1,000,000	26 October 2012	Period 3	0.395
Yeung Wing Yan, Wendy	–	–	1,000,000	1,000,000	26 October 2012	Period 3	0.395
Lai Hin Wing, Henry	1,000,000	(1,000,000)	–	–	7 December 2010	Period 2	1.17
	–	–	1,000,000	1,000,000	26 October 2012	Period 3	0.395
	4,000,000	(4,000,000)	6,000,000	6,000,000			
Director of subsidiaries and the substantial shareholder							
Au Wing Wah	8,400,000	(8,400,000)	–	–	9 July 2010	Period 1	0.59
	–	–	11,000,000	11,000,000	26 October 2012	Period 3	0.395
	8,400,000	(8,400,000)	11,000,000	11,000,000			
Consultant of the Company and the substantial shareholder							
Pong Wai San, Wilson	8,400,000	–	–	8,400,000	9 July 2010	Period 1	0.59
	–	–	8,400,000	8,400,000	26 October 2012	Period 3	0.395
	8,400,000	–	8,400,000	16,800,000			
	20,800,000	(12,400,000)	25,400,000	33,800,000			

Notes:

(a) The vesting date of the share options for Periods 1, 2, 3 and 4 is the date of grant.

Period 1: 9 July 2010 to 8 July 2015
Period 2: 7 December 2010 to 6 December 2015
Period 3: 26 October 2012 to 25 October 2017
Period 4: 3 June 2014 to 2 June 2024

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

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

	2014	**2013**
	HK$	*HK$*
At beginning of the year	0.443	0.702
Cancelled during the year	–	0.777
Granted during the year	0.221	0.395
At end of the year	0.350	0.443

(d) The weighted average remaining contractual life of the share options outstanding at 30 June 2014 was approximately 6.35 years (2013: 3.75 years).

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

	Share options granted on 26 October 2012	**Share options granted on 4 June 2014**
Share price at date of grant	HK$0.395	HK$0.221
Expected volatility*	59.08%	65.90%
Risk-free interest rate	0.240%	1.303%
Dividend yield	1%	0%
Expected life of option	2.5 years	5 years
Fair value at date of grant	HK$0.1380	HK$0.1194
Exercise price	HK$0.395	HK$0.221

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

For the year ended 30 June 2014, the fair value of the options granted is HK$2,938,000 in aggregate, which was recognised as equity-settled share-based payments in the consolidated income statement. The corresponding amount has been credited to the share-based payment reserve (2013: HK$3,505,000).

At 30 June 2014, the Company had 58,400,000 (2013: 33,800,000) share options outstanding under the share option schemes, which represented approximately 1.68% (2013: 0.97%) of the Company's shares in issue at that date. All these options were exercisable at 30 June 2014 and 2013.

36. OPERATING LEASE COMMITMENTS

As Lessee

At 30 June 2014, the total future minimum lease payments under non-cancellable operating leases payable by the Group and the Company are as follows:

Group

	2014	2013
	HK$'000	*HK$'000*
Within one year	1,173	3,931
In the second to fifth years	–	1,105
	1,173	5,036

The Group leases a number of properties under operating leases. The leases run for an initial period of two years (2013: two years), with an option to renew the lease and renegotiated the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/lessors. As at 30 June 2014 and 2013, none of the leases include contingent rentals.

Company

	2014	2013
	HK$'000	*HK$'000*
Within one year	1,105	3,840
In the second to fifth years	–	1,105
	1,105	4,945

The Company leases a property under operating leases. The lease runs for an initial period of two years (2013: two years). None of the leases include contingent rentals.

As Lessor

At 30 June 2014, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

Group

	2014	2013
	HK$'000	*HK$'000*
Within one year	5,950	4,474
In the second to fifth years	12,796	–
	18,746	4,474

The Group leases its properties under operating lease arrangements which run for an initial period of one to five years, with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. None of the leases include contingent rentals.

Company

The Company does not have any operating lease arrangements as at 30 June 2014 and 2013.

37. CAPITAL COMMITMENTS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracted but not provided for:				
Available-for-sale financial assets	3,320	8,844	3,320	8,844
Reconstruction of investment properties	3,515	–	–	–
	6,835	8,844	3,320	8,844

38. FINANCIAL GUARANTEE CONTRACTS – COMPANY

The Company has executed guarantees amounting to HK$238,000,000 (2013: HK$728,000,000) with respect to bank loans to its subsidiaries and associates, which are also secured against properties under development and investment properties held by those associates and subsidiaries. Under the guarantees, the Company would be liable to pay the bank if the bank is unable to recover the loans. At the reporting date, no provision for the Company's obligation under the guarantee contract has been made as the directors consider that it is not probable that the repayment of the loan will be in default.

39. MATERIAL RELATED PARTY TRANSACTIONS

39.1 The following transactions were carried out with the related parties:

	2014	**2013**
	HK$'000	*HK$'000*
Equipment acquired from a related company controlled by one of the substantial shareholders of the Company	895	257
Printing fees paid to a related company in which one of the directors of the Company was a common director and controlled by one of the substantial shareholders of the Company	367	277
Rental expenses paid to a related company owned by a director of a subsidiary of the Company	886	953
Rental expenses paid to a related company owned by one of the substantial shareholders of the Company	3,840	3,190
Dividend income received from a related company in which one of the directors of the Company was a common director and controlled by one of the substantial shareholders of the Company	9,380	440
	15,368	5,117

These transactions were conducted at pre-determined prices in accordance with terms mutually agreed between the Group and these related parties. These transactions are conducted in the normal course of business.

39.2 Key Management Personnel Compensation

	2014	2013
	HK$'000	*HK$'000*
Short-term employee benefits	8,016	13,137

40. MAJOR NON-CASH TRANSACTIONS

During the year, no property, plant and equipment (2013: HK$1,176,000) were acquired under finance leases.

For the year ended 30 June 2013, some property, plant and equipment of HK$419,000 were disposed of to finance lessor. In return, the obligation of finance leases of HK$419,000 was cancelled accordingly. There was no disposal during the year.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

41.1 Interest Rate Risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. Besides short-term deposits which earn interest at fixed rates, cash at banks earn interest at floating rates up to 0.4% (2013: 0.4%) per annum, based on the daily bank deposits rates for the year. Other than deposits held in banks, the Group does not have significant interest-bearing financial assets. Any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to the Group.

As at 30 June 2014, the Group's exposure to interest rate risk on floating interest-bearing financial liabilities mainly comes from secured bank loans. The interest rates and repayment terms of the Group's borrowings are disclosed in note 29. The Group currently does not have an interest rate hedging policy. However, the directors monitor interest rate change exposure and will consider hedging significant interest rate exchange exposure should the need arise.

If an increase or decrease of 5% in interest rate was estimated, with all other variables held constant, there would have no impact on profit for the year and retained profits (2013: Nil).

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

41.2 Foreign Currency Risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. During the year, exposures to currency exchange rates arose from the Group's bank deposits and available-for-sale financial assets (equivalent to HK$400,540,000 (2013: HK$152,120,000) and HK$55,666,000 (2013: HK$25,728,000) respectively), which were primarily denominated in RMB and GBP. Other than this, almost all of the Group's transactions were carried out in HK$ and GBP which are the functional currencies of the Group's entities to which the transaction related.

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

As at 30 June 2014, if a depreciation of 5% in HK$ against RMB and GBP was estimated, with all other variables held constant, profit for the year and retained profits would have increased by HK$22,810,000 (2013: HK$7,606,000) for the year ended 30 June 2014. An appreciation of the same percentage in HK$ against RMB and GBP would have had the equal but opposite effect on the profit for the year and retained profits to the amount shown above, on the basis that all other variables remain constant.

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

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

41.3 Price Risk

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

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

For listed equity securities, listed debts investments and unlisted investment funds in the available-for-sale financial assets category, if the quoted price for these securities increased or decreased by 5%, there would have no impact on profit for the year and retained profits (2013: no impact) and other components of equity would have increased or decreased by HK$4,468,000 (2013: HK$4,086,000).

For unlisted investment funds classified as financial assets at fair value through profit or loss category, if the market price had increased or decreased by 5%, profit for the year and retained profits would have increased or decreased by HK$58,000 (2013: HK$30,000).

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

41.4 Credit Risk

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

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

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

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

41.5 Liquidity Risk

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

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

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

		Contractual undiscounted cash flow			
	Carrying amounts	**Total**	**Within 1 year or on demand**	**In 2 to 5 years**	**Over 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
30 June 2014					
Other payables	124,913	124,913	124,913	–	–
Finance lease liabilities	1,836	1,836	432	1,404	–
Borrowings	130,752	130,752	130,752	–	–
Amount due to non-controlling shareholder	218,603	218,603	218,603	–	–
	476,104	476,104	474,700	1,404	–
Financial guarantee issued: Maximum amount guaranteed	–	144,000	144,000	–	–
30 June 2013					
Other payables	130,895	130,895	130,895	–	–
Finance lease liabilities	2,220	2,220	384	1,836	–
Borrowings	370,015	380,857	140,710	240,147	–
	503,130	513,972	271,989	241,983	–
Financial guarantee issued: Maximum amount guaranteed	–	144,000	144,000	–	–

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

		Contractual undiscounted cash flow			
	Carrying amounts	**Total**	**Within 1 year or on demand**	**In 2 to 5 years**	**Over 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
30 June 2014					
Other payables	1,366	1,366	1,366	–	–
Amounts due to subsidiaries	207,599	207,599	207,599	–	–
	208,965	208,965	208,965	–	–

	Contractual undiscounted cash flow				
	Carrying amounts	**Total**	**Within 1 year or on demand**	**In 2 to 5 years**	**Over 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial guarantee issued: Maximum amount guaranteed	–	230,432	230,432	–	–
30 June 2013					
Other payables	116	116	116	–	–
Amounts due to subsidiaries	182,672	182,672	182,672		
	182,788	182,788	182,788	–	–
Financial guarantee issued: Maximum amount guaranteed	–	468,135	468,135	–	–

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

	Contractual undiscounted cash flow				
	Carrying amounts	**Total**	**Within 1 year or on demand**	**In 2 to 5 years**	**Over 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
30 June 2014	130,752	147,581	8,195	60,504	78,882
30 June 2013	136,015	165,116	8,840	71,415	84,861

41.6 Categories of Financial Assets and Financial Liabilities

	Group		Company	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Loans and receivables:				
Trade receivables	16,054	58,673	–	–
Other receivables	14,835	10,164	1,613	1,861
Amounts due from subsidiaries	–	–	777,901	1,191,578
Amounts due from associates	104,142	72,415	–	–
Amount due from a joint venture	4,526	4,631	–	–
Cash and bank balances	734,053	242,013	684,862	203,195
Restricted bank deposits	111,022	112,095	–	–
Available-for-sale financial assets	100,753	90,676	100,753	90,676
Financial assets at fair value through profit or loss	1,372	607	1,372	607
	1,086,757	591,274	1,566,501	1,487,917
Financial liabilities measured at amortised cost:				
Other payables	124,913	130,895	1,366	116
Finance lease liabilities	1,836	2,220	–	–
Borrowings	130,752	370,015	–	–
Amount due to non-controlling shareholder	218,603	–	–	–
Amounts due to subsidiaries	–	–	207,599	182,672
	476,104	503,130	208,965	182,788

41.7 Fair Value

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

41.8 Fair Value Measurements Recognised in the Statement of Financial Position

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

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

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

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

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

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

Group and Company

	Notes	**Level 1** *HK$'000*	**Level 2** *HK$'000*	**Level 3** *HK$'000*	**Total** *HK$'000*
30 June 2014					
Assets:					
Available-for-sale financial assets					
– Listed equity securities	*(a)*	18,333	–	–	18,333
– Listed debts investments	*(b)*	55,666	–	–	55,666
– Unlisted investment funds	*(c)*	15,365	–	–	15,365
Financial assets at fair value through profit or loss					
– Unlisted investment funds	*(c)*	1,372	–	–	1,372
Total and net fair values		90,736	–	–	90,736
30 June 2013					
Assets:					
Available-for-sale financial assets					
– Listed equity securities	*(a)*	33,658	–	–	33,658
– Listed debts investments	*(b)*	25,728	–	–	25,728
– Unlisted investment funds	*(c)*	22,325	–	–	22,325
Financial assets at fair value through profit or loss					
– Unlisted investment funds	*(c)*	607	–	–	607
Total and net fair values		82,318	–	–	82,318

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

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

(a) *Listed Equity Securities*

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

(b) *Listed Debts Investments*

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

(c) *Unlisted Investments Funds*

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

42. CAPITAL RISK MANAGEMENT

The Group's capital management objectives are:

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

(b) to provide an adequate return to shareholders;

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

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

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

	2014	**2013**
	HK$'000	*HK$'000*
Total borrowings	478,833	509,663
Less: cash and bank balances	(734,053)	(242,013)
Net (equity)/debts	(255,220)	267,650
Total capital	1,518,328	1,760,096
Gearing ratio	N/A	0.15

43. LITIGATION

There was a litigation claim relating to labour dispute made against the Group. This claim concerned the former employee of the Group who made claim on account of alleged bonuses due in relation to the property assembly projects undertaken by the Group during their course of employment. The Labour Tribunal judged that the Group is liable to pay HK$4,100,000 to the former employee. Accordingly, the provision for legal claim of HK$4,100,000 has been provided in the financial statements for the year ended 30 June 2013. The Group appealed against the decision to the High Court. After the reporting date, by the judgment of Court of First Instance, the case was remitted to the Labour Tribunal for retrial in December 2014.

44. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 30 June 2014 were approved and authorised for issue by the board of directors on 23 September 2014."

3. STATEMENT OF INDEBTEDNESS

(i) Borrowings

At the close of business on 30 November 2014, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had total borrowings of approximately HK$45,226,000 comprising bank borrowings of approximately HK$43,570,000 and finance lease liabilities of approximately HK$1,656,000.

(ii) Securities and guarantees

As at 30 November 2014, the Group's borrowings were secured by guarantees by Mr. Au, a substantial Shareholder (solely for the bank borrowings of approximately HK$43,570,000), and the pledge of certain plant and equipment with net carrying amounts of approximately HK$97,245,000.

(iii) Contingent liabilities

(a) As at 30 November 2014, the Company and one of its subsidiaries have executed guarantees amounting to HK$144,000,000 each in respect of bank loans to its associates, which are also secured against properties under development held by those associates. Under the guarantees, the Company and one of its subsidiaries would be liable to pay the bank if the bank is unable to recover the loans.

(b) *Litigations*

(aa) It relates to labour dispute made against the Group. This claim concerned the former employee of the Group who made claim on account of alleged bonuses due in relation to the property assembly projects undertaken by the Group during his course of employment. The Labour Tribunal judged that the Group is liable to pay HK$4,100,000 to the former employee. Accordingly, the provision for legal claim of approximately HK$4,100,000 has been provided as at 30 June 2014. The Group appealed against the decision to the Court of First Instance. By the judgment of the Court of First Instance, the case was remitted to the Labour Tribunal for retrial. As at the Latest Practicable Date, the litigation is still in progress.

(bb) There was another labour dispute made against the Group. This claim concerned some former employees of the Group who made claims on holiday pay and allowance compensation during their course of employment. In the event the Group is unsuccessful in defending such claims, the Group may be liable to pay a maximum amount of approximately HK$723,000 to these claimants. The management of the Group considers it too early to conclude that the Group is liable to pay the claimed amount; and accordingly, no provision has been made for these claims. As at the Latest Practicable Date, the litigation is still in progress.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding at the close of business on 30 November 2014.

Save as disclosed above, the Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Group since 30 November 2014 up to and including the Latest Practicable Date.

For the purpose of the above statement of indebtedness, foreign currency amounts have been translated into Hong Kong dollars at the approximate rates of exchange prevailing at the close of business on 30 November 2014.

4. MATERIAL CHANGE

(i) In September 2014, the Group fully repaid to the bank the mortgage loan in respect of its investment properties located at Kimberley Road, Tsim Sha Tsui. The repayment amount of approximately HK$86.0 million which comprised principal of approximately HK$85.8 million and interest of HK$0.2 million was financed by the Group's internal resources;

(ii) during the financial year ended 30 June 2014, the Group's property development business generated a revenue of approximately HK$491.7 million from the disposal of its entire interest in a property development project in London. There was no sale of property under development subsequent to 30 June 2014 and up to and including the Latest Practicable Date, and therefore no revenue was generated from the property development business subsequent to 30 June 2014; and

(iii) on 11 December 2014, the Company entered into the Agreement with RHL and Mr. Au in relation to the Disposal, the Share Repurchase and the Whitewash Waiver, details of which are set out in letter from the Board contained in this circular.

Save as disclosed above, the Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 30 June 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

5. MATERIAL ADVERSE CHANGE

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2014, being the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

UNAUDITED PRO FORMA STATEMENT OF NET ASSET OF THE REMAINING GROUP

As a result of the Disposal, the Company will effectively dispose of 100% interest in the Vastwood Group (including 100% interest in the East Up Group) and 49% interest in Brilliant Icon. The remaining 51% interest in Brilliant Icon will still be held by the Remaining Group and the Company will continue to have control over Brilliant Icon. As such, the difference between the amount by which the 49% non-controlling interests of Brilliant Icon are adjusted and the fair value of the consideration received will be recognised directly in the Group's equity.

The following unaudited pro forma statement of net asset of the Remaining Group has been prepared, on the basis of the notes set forth below, for the purpose of illustrating the effect of the Disposal and the Share Repurchase as if it had been taken place on 30 June 2014. It has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true picture of the financial position of the Group had the Disposal and the Share Repurchase been completed as at 30 June 2014, or at any future date.

	Notes	*HK$'million*
Audited net asset value of the Group, attributable to the owners of the Company	*(a)*	1,518.4
Pro forma adjustments:		
Unaudited pro forma loss on the Disposal	*(b)*	(107.1)
Fair value of the Repurchase Shares	*(c)*	(165.7)
Unaudited pro forma net asset value of the Group, attributable to the owners of the Company, after the Disposal and the Share Repurchase		1,245.6

Notes:

(a) The audited net asset value attributable to the owners of the Company as at 30 June 2014 is extracted from the Group's audited financial statements for the year ended 30 June 2014 set out in Appendix I to this circular.

(b) The adjustment represents the unaudited pro forma loss on the Disposal as if the Disposal and the Share Repurchase had been completed as at 30 June 2014 and is calculated as follows:

	Note	*HK$'million*	*HK$'million*
Fair value of the consideration	*(c)*		165.7
Audited net liability of the Vastwood Group (excluding the East Up Group) as at 30 June 2014		(51.9)	
Audited net asset of the East Up Group as at 30 June 2014		45.3	
Amount due from the Vastwood Group (excluding the East Up Group) and the East Up Group to the Remaining Group as at 30 June 2014		275.7	
			269.1
Unaudited pro forma loss on the Disposal			(103.4)
Less: Estimated transaction costs			(3.7)
Unaudited pro forma loss on the Disposal after the estimated transaction costs			(107.1)

(c) The adjustment represents the fair value of the 760,000,000 Repurchase Shares for the Disposal and the Share Repurchase and is calculated based on the closing price of HK$0.218 per Share as at 30 June 2014 as if the Disposal and the Share Repurchase had taken place on 30 June 2014. The estimated total consideration of HK$165.7 million is allocated between the disposal of 100% interest in the Vastwood Group (including 100% interest in the East Up Group) and the disposal of 49% interest in Brilliant Icon based on the respective net asset/liability values of the Vastwood Group (excluding the East Up Group), the East Up Group and Brilliant Icon being disposed of as at 30 June 2014, after taking into consideration the amount of the Sale Loan as at 30 June 2014 and the fair values of the properties held by the respective companies as at 30 June 2014. As a result, approximately HK$165.7 million and nil consideration are allocated to the disposal of 100% interest in the Vastwood Group (including 100% interest in the East Up Group) and the disposal of 49% interest in Brilliant Icon respectively.

(d) The unaudited pro forma financial information presented above does not take into account of any trading or other transactions subsequent to the date of the financial statements included in the unaudited pro forma financial information (i.e. 30 June 2014).

The unaudited pro forma net asset value of the Group after the Disposal and the Share Repurchase and the unaudited pro forma loss calculated above are prepared by the Directors for illustrative purposes only. Shareholders should note that the actual amount of the net asset value of the Group after the Disposal and the Share Repurchase and the gain or loss from the Disposal and the Share Repurchase will be determined based on the closing price of the Shares, the net asset/liability value of the Vastwood Group and the actual amount of the Sale Loan as at Completion, and the actual transaction costs relating to the Disposal, and may be different from the pro forma loss as calculated above.

ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report on the unaudited pro forma financial information of the Remaining Group received from BDO Limited for the purpose of incorporation in this circular.

BDO

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

The Board of Directors
Richfield Group Holdings Limited
Unit 1209, 12/F
Silvercord, Tower 2
30 Canton Road
Tsim Sha Tsui, Hong Kong

To the Directors of Richfield Group Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Richfield Group Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of net asset of the Remaining Group as at 30 June 2014 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's circular dated 12 January 2015 (the "Circular") in connection with a special deal, discloseable and connection transaction. The applicable criteria on the basis of which the Company's directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Company's directors to illustrate the impact of the disposal of the entire issued share capital of and sale loan due by Vastwood Limited involving off-market buy-back of shares in Richfield Group Holdings Limited (the "Disposal") on the Group's financial position as at 30 June 2014 as if the Disposal had taken place at 30 June 2014. As part of this process, information about the Group's financial position has been extracted by the Company's directors from the Group's financial statements for the year ended 30 June 2014, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Company's directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Remaining Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2014 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Company's directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

BDO Limited
Certified Public Accountants
Yu Tsui Fong
Practising Certificate number P05440

Hong Kong, 12 January 2015

The following is the text of a report on the expected gain or loss of the Group as a result of the Disposal received from Optima Capital Limited for the purpose of incorporation in this circular.

OPTIMA CAPITAL

Suite 1501, 15th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

12 January 2015

The Board of Directors
Richfield Group Holdings Limited
Unit 1209, 12/F.
Silvercord Tower 2
30 Canton Road
Tsim Sha Tsui
Hong Kong

Dear Sirs,

SPECIAL DEAL, DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF AND SALE LOAN DUE BY VASTWOOD LIMITED INVOLVING OFF-MARKET BUY-BACK OF SHARES IN RICHFIELD GROUP HOLDINGS LIMITED

We refer to the special deal, discloseable and connected transaction of the Company in relation to the disposal of the entire issued share capital of and loan due by Vastwood involving off-market buy-back of Shares. Details of the aforesaid transactions are set out in the circular of the Company dated 12 January 2015 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless otherwise stated.

We also refer to the expected loss (after deducting the estimated transaction costs relating to the Disposal) as a result of the Disposal of approximately HK$107.1 million (the "**Expected Gain or Loss**") as disclosed under the paragraph headed "Financial effects of the Disposal and the Share Repurchase " in the letter from the Board contained in the Circular. We note that the Expected Gain or Loss is regarded as a profit forecast under Rule 10 of the Takeovers Code.

We have discussed with the Directors the bases and assumptions made for calculating the Expected Gain or Loss, and have reviewed the calculation of the Expected Gain or Loss. We have also considered the unaudited pro forma financial information of the Remaining Group and the accountant's report thereon issued by BDO Limtied as set out in Appendix II to the Circular.

Based on the above, we are satisfied that the Expected Gain or Loss, for which the Directors are solely responsible, has been calculated by the Directors after due care and consideration.

Shareholders should however note that the actual gain or loss from the Disposal will be determined based on the closing price of the Shares, the net asset/liability value of the Vastwood Group and the actual amount of the Sale Loan as at Completion, and the actual transaction costs relating to the Disposal, and may be different from the Expected Gain or Loss as presented in the letter from the Board.

Yours faithfully,
for and on behalf of
Optima Capital Limited
Beatrice Lung
Managing Director

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this circular received from Ascent Partners Valuation Service Limited, an independent valuer, in connection with its valuation as at 31 October 2014 of the property interests held by the Group.

ASCENT PARTNERS
Together We Flourish

Suite 2102
Hong Kong Trade Centre
161–167 Des Voeux Road Central
Hong Kong

12 January 2015

The Board of Directors
Richfield Group Holdings Limited
Unit 1209, 12/F
Tower 2, Silvercord
30 Canton Road
Tsim Sha Tsui, Hong Kong

Dear Sirs,

INSTRUCTIONS

In accordance with the instructions received from Richfield Group Holdings Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") for us to carry out a valuation of various properties located in Hong Kong (the "**Property**"), we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 31 October 2014 (referred to as the "**Valuation Date**") for the purpose of incorporation in the circular issued by the Company on the date hereof. Capitalised terms used herein shall have the same meanings as defined in the circular of the Company dated 12 January 2015 unless otherwise stated.

This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumptions, valuation considerations, title investigation and limiting conditions of this valuation.

BASIS OF VALUATION

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION METHODOLOGY

We have valued the property interests in Group I which are held by the Vastwood Group for self-occupation, property interests in Group II which are held by the Vastwood Group for trading, property interests in Group III which are held by the Remaining Group for investment and property interests in Group IV which are held by the Remaining Group under development on market basis and the direct comparison method is adopted where comparison based on prices realised on actual sales price of comparable property is made. Comparable properties of similar size, character, and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values.

For those leased property interest, we have cross-checked the valuation using the income approach by taking into account the net rental income of the property derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have then been capitalized to determine the market value at an appropriate capitalization rate.

VALUATION CONSIDERATIONS

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, the rules contained in Rule 11 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission and the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the seller sells the property interests on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the values of the property interests.

No allowance has been made in our valuation for any charges, mortgages or amount owing on any property interests nor for any expense or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Unless stated as otherwise, we have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of all laws, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, all required licenses, permit, certificate and authorizations have been obtained.

We have assumed that the owners of the Property have free and uninterrupted rights to use and dispose of the Property for the whole of the unexpired term of Government Leases/Land Grants.

Other special assumptions of the property interests, if any, have been stated out in the footnotes of the valuation certificate attached herewith.

TITLE INVESTIGATION

We have carried out searches to be made at the Land Registry for the Property located in Hong Kong. We have been, in some instances, provided with the extracts of the documents relating to the Property. However, we have not verified ownership of the Property to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

LIMITING CONDITIONS

We have inspected the exterior and, wherever possible, the interior of the property but no structural survey had been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the copies of documents handed to us are correct.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the property interests. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the property interests which are situated in Hong Kong and held under the government leases which will be expired before 30 June 2047, we have taken into account of the statement contained in the Annex III of the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases would have been extended without payment of premium until 30 June 2047 and that an annual rent of three percent of the rateable values of the properties would be charged from the date of extension.

Liability in connection with this valuation report is limited to the client to whom this report is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

This report is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our report, in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

POTENTIAL TAX LIABILITIES

The potential tax liabilities may arise from the sale or transfer of immovable properties in Hong Kong which may include stamp duty at a maximum levy rate of 8.5% of the value of the consideration and profit tax at the rate of 16.5% on assessable profit from the sale of the properties. For properties held for trading (under Group II) and under development (under Group IV), there would be possibility that such potential tax liabilities will be crystallized upon sale of the properties. As the Group has verbally confirmed that it has no intention to sell any of the properties held for self-occupation (under Group I) and investment (under Group III) in Hong Kong, the likelihood of potential tax liabilities relating to such properties is remote.

REMARKS

Unless otherwise stated, all monetary amounts stated in this report are in Hong Kong Dollars (HKD).

The properties were inspected by our Mr. Stephen Yeung who is a chartered Surveyor and Mr. Charles Choi ASc (Estate Surveying) on 15 December 2014 and 16 December 2014. The external conditions of the properties were reasonable.

We enclose herewith the summary of valuations together with the valuation certificates.

Yours faithfully,
For and on behalf of
Ascent Partners Valuation Service Limited
Stephen Y. W. Yeung
MFin BSc(Hons) Land Adm. MHKIS MCIREA RPS(GP)
Principal

Mr. Stephen Y. W. Yeung is a Registered Professional Surveyor (General Practice Division) and a Professional Member of The Hong Kong Institute of Surveyors with over 10 years' experience in valuation of properties in HKSAR and mainland China.

SUMMARY OF VALUATIONS

	Property Interests	Market Value in existing state as at 31 October 2014 *HKD*	Interests attributable to the Group	Market Value attributable to the Group as at 31 October 2014 *HKD*
Group I – Property interests held by the Vastwood Group for self-occupation in Hong Kong				
1	Office No. 1207 on 12/F of Tower 2, Silvercord, No. 30 Canton Road, Kowloon	36,800,000	100%	36,800,000
2	Office No. 1501 on 15/F of Tower 2, Silvercord, No. 30 Canton Road, Kowloon	38,300,000	100%	38,300,000
3	Office Nos. 1508–1510 on 15/F of Tower 2, Silvercord, No. 30 Canton Road, Kowloon	65,500,000	100%	65,500,00
	Group I Sub-total:	140,600,000		140,600,000
Group II – Property interests held by the Vastwood Group for trading in Hong Kong				
4	Flat A on 1st Floor with a Flat Roof thereof, No. 2 Shing Ping Street, Hong Kong	2,760,000	10%	276,000
5	Flat F7 on 8/F & Roof (Front Portion on 8/F, No. 76 Tung Ming Street), Tung Ming Building, Nos. 74–88 Tung Ming Street, Kowloon	1,630,000	10%	163,000
6	1st Floor, No. 49 Lyttelton Road, Hong Kong	9,800,000	50%	4,900,000
7	3rd Floor, No. 74C Waterloo Road, Kowloon	7,800,000	50%	3,900,000

	Property Interests	Market Value in existing state as at 31 October 2014 *HKD*	Interests attributable to the Group	Market Value attributable to the Group as at 31 October 2014 *HKD*
8	2nd Floor, No. 33 Lyttelton Road, Hong Kong	13,800,000	33%	4,554,000
9	Blocks A and B on Basement Floor, Cheung Lok Mansion, Nos. 222/224 & 226/228 Wan Chai Road, Hong Kong	18,700,000	100%	18,700,000
10	Blocks C and D on Basement Floor, Cheung Lok Mansion, Nos. 222/224 & 226/228 Wan Chai Road, Hong Kong	21,500,000	100%	21,500,000
11	Block H on 5th Floor, Cheung Lok Mansion, No. 228 Wan Chai Road, Hong Kong	5,020,000	100%	5,020,000
12	Shop B1 (Nos. 58/60 Hill Road) on G/F, Sik On House, Nos. 54, 56, 58, 60 & 62 Hill Road, Hong Kong	2,780,000	100%	2,780,000
	Group II Sub-total:	83,790,000		61,793,000

	Property Interests	Market Value in existing state as at 31 October 2014 *HKD*	Interests attributable to the Group	Market Value attributable to the Group as at 31 October 2014 *HKD*
Group III – Property interests held by the Remaining Group for investment in Hong Kong				
13	Portion No. 4, Flat No. 23 and Shop Nos. 23A and 23B on Ground Floor and No. 23 on Mezzanine Floor, Wing Lee Building of Nos. 27, 29, 31, 31A, 31B and 31C Kimberley Road, Kowloon	213,000,000	100%	213,000,000
14	Roof of Block C, Sea View Estate, No. 8 Watson Road, Hong Kong	22,400,000	100%	22,400,000
	Group III Sub-total:	235,400,000		235,400,000
Group IV – Property interests held by the Remaining Group under development in Hong Kong				
15	Nos. 142–154 Carpenter Road, Kowloon City, Kowloon	440,000,000	51%	224,400,000
	Group IV Sub-total:	440,000,000		224,400,000
	Grand Total:	899,790,000		662,193,000

VALUATION CERTIFICATE

Property interests held by the Vastwood Group for self-occupation in Hong Kong

	Property	Description and tenure	Particular of occupancy	Market Value in existing state as at 31 October 2014
1.	Office No. 1207 on 12/F of Tower 2, Silvercord, No. 30 Canton Road, Kowloon 33/13615th equal and undivided shares of and in Kowloon Inland Lot No. 10656	The property comprises an office unit on 12th floor of a 13-storey office building built upon a 6-storey commercial/carparking podium completed in 1983. The saleable area of the property is approximately 2,022 square feet. The property is held under Conditions of Sale No. 11435 for a term of 75 years renewable for 75 years commencing on 30 September 1980. The Government rent payable for Kowloon Inland Lot No. 10656 is HKD1,000 per annum.	As confirmed by the Company, the property is occupied by the Group for office uses.	HKD36,800,000 **Interest attributable to the Group** 100% **Market Value attributable to the Group as at 31 October 2014** HKD36,800,000

Notes:

1. The registered owner of the property is Sunrich Management Limited vide Memorial No. 09121103060237 dated 12 November 2009 which is a wholly owned subsidiary of the Group.

2. The property is subject to a Deed of Mutual Covenant vide Memorial No. UB2520408 dated 1 December 1983.

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market Value in existing state as at 31 October 2014
2.	Office No. 1501 on 15/F of Tower 2, Silvercord, No. 30 Canton Road, Kowloon 35/13615th equal and undivided shares of and in Kowloon Inland Lot No. 10656	The property comprises an office unit on 15th floor of a 13-storey office building built upon a 6-storey commercial/ carparking podium completed in 1983. The saleable area of the property is approximately 2,075 square feet The property is held under Conditions of Sale No. 11435 for a term of 75 years renewable for 75 years commencing on 30 September 1980. The Government rent payable for Kowloon Inland Lot No. 10656 is HKD1,000 per annum.	As confirmed by the Company, the property is occupied by the Group for office uses.	HKD38,300,000 **Interest attributable to the Group** 100% **Market Value attributable to the Group as at 31 October 2014** HKD38,300,000

Notes:

1. The registered owner of the property is Dragon Sail Limited vide Memorial No.11072501970111 dated 30 June 2011 which is a wholly owned subsidiary of the Group.

2. The property is subject to encumbrances as follows:

   (i) A Deed of Mutual Covenant vide Memorial No. UB2520408 dated 1 December 1983;

   (ii) A Sub-Deed of Mutual Covenant vide Memorial No. UB7481631 dated 20 April 1998;

   (iii) A Legal Charge/Mortgage in favour of The Bank of East Asia, Limited vide Memorial No. 11121401980025 dated 7 December 2011.

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market Value in existing state as at 31 October 2014
3.	Office Nos. 1508, 1509 and 1510 on 15/F of Tower 2, Silvercord, No. 30 Canton Road, Kowloon 57/13615th equal and undivided shares of and in Kowloon Inland Lot No. 10656	The property comprises three office units on 15th floor of a 13-storey office building built upon a 6-storey commercial/carparking podium completed in 1983. The saleable area of the property is approximately 3,546 square feet. The property is held under Conditions of Sale No. 11435 for a term of 75 years renewable for 75 years commencing on 30 September 1980. The Government rent payable for Kowloon Inland Lot No. 10656 is HKD1,000 per annum.	As confirmed by the Company, the property is occupied by the Group for office uses.	HKD65,500,000 **Interest attributable to the Group** 100% **Market Value attributable to the Group as at 31 October 2014** HKD65,500,000

Notes:

1. The registered owner of the property is Big Legend Holdings Limited vide Memorial No. 11102102390218 dated 30 September 2011 which is a wholly owned subsidiary of the Group.

2. The property is subject to encumbrances as follows:

   (i) A Deed of Mutual Covenant vide Memorial No. UB2520408 dated 1 December 1983;

   (ii) A Sub-Deed of Mutual Covenant vide Memorial No. UB7481631 dated 20 April 1998;

   (iii) A Legal Charge/Mortgage in favour of The Bank of East Asia, Limited vide Memorial No. 11121401980025 dated 7 December 2011.

VALUATION CERTIFICATE

Property interests held by the Vastwood Group for trading in Hong Kong

	Property	Description and tenure	Particular of occupancy	Market Value in existing state as at 31 October 2014
4.	Flat A on 1st Floor with a Flat Roof thereof, No. 2 Shing Ping Street, Hong Kong 3/30th equal and undivided shares of and in the Remaining Portion of Inland Lot No. 2526	The property comprises a residential unit on 1st floor together with a flat roof of a 6-storey tenement building completed in about 1992. The saleable area of the residential unit is approximately 186 square feet plus a bay window of approximately 5 square feet. The property is held under Government Lease for a term of 75 years renewable for 75 years commencing on 5 January 1927. The Government rent payable for the Remaining Portion of Inland Lot No. 2526 is HKD23,958 per annum.	Pursuant to the tenancy agreement provided by the Group, the property was leased for residential use. (Please refer to Note 3)	HKD2,760,000 **Interest attributable to the Group** 10% **Market Value attributable to the Group as at 31 October 2014** HKD276,000

Notes:

1. The registered owners of the property are Real Plan Limited (Tenant in Common 90/100) and Mutual Wave Limited (Tenant in Common 10/100) vide Memorial No. 08022901660031 dated 31 January 2008 in which the former is an independent third party and the latter is a wholly owned subsidiary of the Group.

2. The property is subject to encumbrances as follows:

   (i) An Occupation Permit vide Memorial No. UB5313157 dated 17 June 1992;

   (ii) A Deed of Mutual Covenant and Management Agreement vide Memorial No. UB5350036 dated 18 June 1992;

   (iii) A Notice No. WC/TB01799/09/HK-N02 by the Building Authority under Section 24C(1) of the Buildings Ordinance vide Memorial No. 12052201050064 dated 22 October 2009; and

   (iv) An Order No. UBR/RB04-10/0002/11 by the Building Authority under Section 24(1) of the Buildings Ordinance vide Memorial No. 13121101610304 dated 31 December 2012.

3. Pursuant to a tenancy agreement dated 16 September 2013 entered into between Real Plan Limited and Mutual Wave Limited (the "**Lessor**") and Yeung Kin Hung (the "**Lessee**"), the property was leased for a term of two years commencing on 1 October 2013 and expiring on 30 September 2015 at a monthly rental of HKD8,500 inclusive of rates, government rent and management fee but exclusive of utility charge for residential use.

4. The said order and notice issued by the Building Authority under the Buildings Ordinance concerning the unauthorized building works including a structure and a glass balustrade and the illegal removal of the parapet wall on the flat roof. As verbally confirmed by the Group, the removal and reinstatement work are in progress. As the attributed value and the cost is minimal, there is no material impact to our valuation.

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market Value in existing state as at 31 October 2014
5.	Flat F7 on 8/F & Roof (Front Portion on 8/F No. 76 Tung Ming Street) Tung Ming Building, Nos. 74–88 Tung Ming Street, Kowloon 1/241th equal and undivided shares of and in Kwun Tong Inland Lot Nos. 188 and 189	The property comprises a residential unit on 8th floor together with a roof of a 9-storey composite building completed in 1963. The saleable area of the residential unit is approximately 265 square feet. The property is held under Conditions of Sale Nos. 6661 and 6662 for a term of 21 years renewable for 17 years commencing on 1 July 1959. The term has been statutorily extended to 30 June 2047.	Pursuant to the tenancy agreement provided by the Group, the property is leased for residential use. (Please refer to Note 3)	HKD1,630,000 **Interest attributable to the Group** 10% **Market Value attributable to the Group as at 31 October 2014** HKD163,000

Notes:

1. The registered owner of the property is Auto-Plus Investment Company Limited (Tenant in Common 90/100) and Mutual Wave Limited (Tenant in Common 10/100) vide Memorial No. 08072101090089 dated 23 June 2008 in which the former is an independent third party and the latter is a wholly owned subsidiary of the Group.

2. The property is subject to encumbrances as follows:

   (i) A Deed of Covenant vide Memorial No. UB417525 dated 28 October 1963; and

   (ii) A Superseding Notice No. WCMS/TC03140/01/K-S19 by the Building Authority under Section 24C(1) of the Buildings Ordinance vide Memorial No. 10010700850319 dated 19 August 2009.

3. Pursuant to a tenancy agreement dated 17 June 2012 entered into between Auto-Plus Investment Company Limited (the "**Lessor**") and Kwan Ming Chiu (the "**Lessee**"), the property was leased for a term of five years commencing on 18 June 2012 and expiring on 17 June 2017 at a monthly rental of HKD3,000 inclusive of rates and government rent but exclusive of utility charge and management fee for residential use.

4. The said superseding notice issued by the Building Authority under the Buildings Ordinance concerning about unauthorized building works including a structure on and over the roof at the premises. As the attributed value and costs required complying with the said notice is minimal, therefore it has no material impact to our valuation.

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market Value in existing state as at 31 October 2014
6.	1st Floor, No. 49 Lyttelton Road, Hong Kong 1/16th equal and undivided shares of and in Sub-section 2 of Section K of Inland Lot No. 1216	The property comprises a residential unit on 1st floor of an 8-storey tenement building completed in about 1963. The saleable area of the property is approximately 722 square feet. The property is held under Government Lease for a term of 999 years commencing on 25 June 1862. The Government rent payable for Sub-Section 2 of Section K of Inland Lot No. 1216 is HKD4 per annum.	As confirmed by the Group, the property is currently pending for lease renewal.	HKD9,800,000 **Interest attributable to the Group** 50% **Market Value attributable to the Group as at 31 October 2014** HKD4,900,000

Notes:

1. The registered owners of the property are Good Profit Properties Limited (Tenant in Common 1/2) and Maison Investment Development Limited (Tenant in Common 1/2) vide Memorial No. 10061002060054 dated 13 May 2010 in which the former is an independent third party and the latter is a wholly owned subsidiary of the Group.

2. The property is subject to a Deed of Mutual Covenant vide Memorial No. UB432661 dated 9 March 1964.

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market Value in existing state as at 31 October 2014
7.	3rd Floor, No. 74C Waterloo Road, Kowloon 1/6th equal and undivided shares of and in Section G of Kowloon Inland Lot No. 3903	The property comprises a residential unit on 3rd floor of a 6-storey tenement building completed in about 1957. The saleable area of the property is approximately 806 square feet. The property is held under Government Lease for a term of 75 years renewable for 75 years commencing 13 April 1931. The Government rent payable for Section G of Kowloon Inland Lot No. 3903 is HKD16,290 per annum.	Pursuant to the tenancy agreement provided by the Group, the property is leased for residential use. (Please refer to Note 3)	HKD7,800,000 **Interest attributable to the Group** 50% **Market Value attributable to the Group as at 31 October 2014** HKD3,900,000

Notes:

1. The registered owners of the property are Sentiment Great Limited (Tenant in Common 1/2) and Good Profit Properties Limited (Tenant in Common 1/2) vide Memorial No. 10052002690062 dated 5 May 2010 in which the former is a wholly owned subsidiary of the Group and the latter is an independent third party.

2. The property is subject to a Deed of Mutual Covenant and Grant vide Memorial No. UB278545 dated 2 June 1958.

3. Pursuant to a tenancy agreement dated 21 October 2014 entered into between Sentiment Great Limited and Good Profit Properties Limited (the "**Lessor**") and Mak, Shu Lung Daniel (the "**Lessee**"), the property was leased for a term of two years commencing on 21 October 2014 and expiring on 14 November 2016 at a monthly rental of HKD13,000 inclusive of rates, government rent, management fee but exclusive of utility charge for residential use with a rent free period from 21 October 2014 to 14 November 2014.

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market Value in existing state as at 31 October 2014
8.	2nd Floor, No. 33 Lyttelton Road, Hong Kong 4/136th equal and undivided shares of and in Sections D, E, F and G of Inland Lot No. 1216	The property comprises a residential unit on 2nd floor of an 8-storey tenement building erected upon a basement carparking floor completed in about 1963. The saleable area of the property is approximately 1,006 square feet. The property is held under Government Leases all for a term of 999 years commencing on 25 June 1862. The total Government rent payable for Section D, E, F and G of Inland Lot No. 1216 is HKD2.45 per annum.	Pursuant to the tenancy agreement provided by the Group, the property is leased for residential use. (Please refer to Note 3)	HKD13,800,000 **Interest attributable to the Group** 33% **Market Value attributable to the Group as at 31 October 2014** HKD4,554,000

Notes:

1. The registered owners of the property are Lee Chee Joseph (Tenant in Common 1/3), Good Profit Properties Limited (Tenant in Common 1/3) and Wo Ming Limited (Tenant in Common 1/3) vide Memorial No. 10072002470045 dated 22 June 2010 in which the former two are independent third parties and the last one is a wholly owned subsidiary of the Group.

2. The property is subject to a Deed of Mutual Covenant vide Memorial No. UB425716 dated 10 January 1964.

3. Pursuant to a tenancy agreement dated 17 July 2014 entered into between Lee Chee Joseph, Wo Ming Limited and Good Profit Properties Limited (the "**Lessor**") and Ulrik Bagge Hansen (the "**Lessee**"), the property was leased for a term of two years commencing on 1 June 2014 and expiring on 31 May 2016 at a monthly rental of HKD26,000 inclusive of rates, government rent and management fee but exclusive of utility charge for residential use.

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market Value in existing state as at 31 October 2014
9.	Blocks A and B on Basement Floor, Cheung Lok Mansion, Nos. 222/224 & 226/228 Wan Chai Road, Hong Kong 2/92th equal and undivided of and in the Remaining Portion of Section A and Section B of Marine Lot No. 123	The property comprises 2 commercial units of basement floor of a 10-storey composite building plus a basement completed in 1964. The total saleable area of the property is approximately 3,290 square feet plus yard of approximately 310 square feet. The property is held under 2 Government Leases both for a term of 999 years commencing on 26 December 1860. The Government rent payable for the Remaining Portion of Section A of Marine Lot No. 123 is HKD44 per annum. The Government rent payable for Section B of Marine Lot No. 123 is HKD52 per annum.	As confirmed by the Company, the property is currently vacant.	HKD18,700,000 **Interest attributable to the Group** 100% **Market Value attributable to the Group as at 31 October 2014** HKD18,700,000

Notes:

1. The registered owner of the property is Prosper Day Limited vide Memorial No. 11042601650205 dated 30 March 2011 which is a wholly owned subsidiary of the Group.

2. The property is subject to a Deed of Mutual Covenant vide Memorial No. UB476232 dated 26 January 1965.

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market Value in existing state as at 31 October 2014
10.	Blocks C and D on Basement Floor, Cheung Lok Mansion, Nos. 222/224 & 226/228 Wan Chai Road, Hong Kong 2/92th equal and undivided shares of and in the Remaining Portion of Section A and Section B of Marine Lot No. 123	The property comprises 2 commercial units of basement floor of a 10-storey composite building plus a basement completed in 1964. The total saleable area of the property is approximately 3,800 square feet plus yard of approximately 270 square feet. The property is held under 2 Government Leases both for a term of 999 years commencing on 26 December 1860. The Government rent payable for the Remaining Portion of Section A of Marine Lot No. 123 is HKD44 per annum. The Government rent payable for Section B of Marine Lot No. 123 is HKD52 per annum.	As confirmed by the Company, the property is currently vacant.	HKD21,500,000 **Interest attributable to the Group** 100% **Market Value attributable to the Group as at 31 October 2014** HKD21,500,000

Notes:

1. The registered owner of the property is Glory Peak Holdings Limited vide Memorial No. 11122201320126 dated 28 November 2011 which is a wholly owned subsidiary of the Group.

2. The property is subject to encumbrances as follows:

   (i) A Deed of Mutual Covenant vide Memorial No. UB476232 dated 26 January 1965;

   (ii) A Notice No. WC/TB01856/07/HK-N04 by The Building Authority under Section 24C(1) of the Buildings Ordinance vide Memorial No. 08011801400336 dated 28 June 2007 (Re: Block C on Basement); and

   (iii) A Notice No. WC/TB01859/07/HK-N04 by The Building Authority under Section 24C(1) of the Buildings Ordinance vide Memorial No. 08011801400324 dated 28 June 2007 (Re: Block D on Basement).

3. The said order and notice issued by the Building Authority under the Buildings Ordinance concerning the unauthorized building works including a structure on and over the yard. As confirmed by the Group, the cost for the removal and reinstatement work is about HKD30,000. As the cost of reinstatement is minimal when comparing to the assessment figure, there is no material impact to our valuation.

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market Value in existing state as at 31 October 2014
11.	Block H on 5th Floor, Cheung Lok Mansion, No. 228 Wan Chai Road, Hong Kong 1/92th equal and undivided of and in the Remaining Portion of Section A and Section B of Marine Lot No. 123	The property comprises a residential unit on 5th floor of a 10-storey composite building plus a basement completed in 1964. The saleable area of the property is approximately 421 square feet. The property is held under 2 Government Leases both for a term of 999 years commencing on 26 December 1860. The Government rent payable for the Remaining Portion of Section A of Marine Lot No. 123 is HKD44 per annum. The Government rent payable for Section B of Marine Lot No. 123 is HKD52 per annum.	Pursuant to the tenancy agreement provided by the Group, the property is leased for residential use. (Please refer to Note 3)	HKD5,020,000 **Interest attributable to the Group** 100% **Market Value attributable to the Group as at 31 October 2014** HKD5,020,000

Notes:

1. The registered owner of the property is Glory Peak Holdings Limited vide Memorial No. 11122001340095 dated 23 November 2011 which is a wholly owned subsidiary of the Group.

2. The property is subject to a Deed of Mutual Covenant vide Memorial No. UB476232 dated 26 January 1965.

3. Pursuant to a tenancy agreement dated 21 August 2013 entered into between Glory Peak Holdings Limited (the "**Lessor**") and Ramos Alexander R. Junior, Ramos Ghirley Ragas and Torralba Glenn Colina (the "**Lessee**"), the property was leased for a term of two years commencing on 26 August 2013 and expiring on 25 August 2015 at a monthly rental of HKD11,000 inclusive of rates, government rent and management fee but exclusive of utility charge for residential use.

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market Value in existing state as at 31 October 2014
12.	Shop B1 (Nos. 58/60 Hill Road) on G/F, Sik On House, Nos. 54, 56, 58, 60 & 62 Hill Road, Hong Kong 2/8 of 1/86th equal and undivided shares of and in Inland Lot No. 1802 and the Extension thereto	The property comprises a shop on ground floor of a 12-storey composite building of reinforced concrete construction completed in about 1965. The saleable area of the property is approximately 189 square feet. The property is held under a Government Lease for a term of 999 years commencing on 25 December 1891. The Government rent payable for Inland Lot No. 1802 and the Extension thereto is HKD56 per annum.	As confirmed by the Company, the property is currently vacant.	HKD2,780,000 **Interest attributable to the Group** 100% **Market Value attributable to the Group as at 31 October 2014** HKD2,780,000

Notes:

(1) The registered owner of the property is Merchant Haven Limited vide Memorial No. 12021501570024 dated 18 January 2012 which is a wholly owned subsidiary of the Group.

(2) The property is subject to encumbrances as follows:

(i) A Deed of Grants and Covenants vide Memorial No. UB563819 dated 6 December 1966;

(ii) A Sub-Deed of Mutual Covenant vide Memorial No. UB3738642 dated 23 May 1988; and

(iii) A G.N. 1737 dated 26 March 2010 under Railways Ordinance (Chapter 519) vide Memorial No. 10041200320012 dated 26 March 2010. (Remarks: Mass Transit Railway (‘MTR’) West Island Line annexed with plans nos. RDM1114, RDM1115 and RDM1116. Re: Resumption of Underground Strata of Land Re (Portion)).

VALUATION CERTIFICATE

Property interests held by the Remaining Group for investment in Hong Kong

	Property	Description and tenure	Particular of occupancy	Market Value in existing state as at 31 October 2014
13.	Portion No. 4, Flat No. 23, Shop Nos. 23A & 23B on Ground Floor and No. 23 on Mezzanine Floor, Wing Lee Building, Nos. 27, 29, 31, 31A, 31B and 31C Kimberley Road, Kowloon 21/180th equal and undivided shares of and in Kowloon Inland Lot Nos. 7404, 7416, 7431 and 7465	The property comprises four shop units on ground floor and a shop unit on mezzanine floor of a 21-storey composite building of reinforced concrete construction completed in about 1983. The total saleable area of the property is approximately 3,394 square feet. The breakdowns are as follows: **Saleable Area** *(sq.ft.)* Ground Floor 1,934 Mezzanine Floor 1,460 Total 3,394 The property is held under Conditions of Renewal No. 6022 and Conditions of Re-grant Nos. 6061, UB6172 and 6197 all for a term of 150 years commencing on 25 December 1888. The total Government rent payable for Kowloon Inland Lot Nos. 7404, 7416, 7431 and 7465 is HKD1,217 per annum	Pursuant to the tenancy agreement provided by the Group, the property is leased for shop purposes. (Please refer to Note 3)	HKD213,000,000 **Interest attributable to the Group** 100% **Market Value attributable to the Group as at 31 October 2014** HKD213,000,000

Notes:

1. The registered owner of the property is Central Fly Limited vide Memorial No. 12061402450031 dated 16 May 2012 which is a wholly owned subsidiary of the Group.

2. The property is subject to the followings:

   (i) A Deed of Mutual Covenant vide Memorial No. UB436884 dated 9 March 1964; and

   (ii) A Sub-Deed of Mutual Covenant vide Memorial No. UB8565889 dated 3 December 2001. (Re: For Flat No. 23 on Ground Floor and No. 23 on Mezzanine Floor only).

   (iii) A Mortgage in favour of Hang Seng Bank Limited vide Memorial No. 12061402450042 dated 16 May 2012 (Please refer to Note 3); and

   (iv) A Rent Assignment in favour of Hang Seng Bank Limited vide Memorial No. 12061402450051 dated 16 May 2012 (Please refer to Note 3).

3. We have been advised by the Group that outstanding of the loan in the sum of HKD86,004,647.25 had been fully settled to Hang Seng Bank Limited on 16 September 2014 and the Group is pending to redeem the title document as at the Valuation Date.

4. Pursuant to a tenancy agreement dated 13 November 2013 entered into between Central Fly Limited (the "**Lessor**") and Kai Kee (Food & Beverage Limited (the "**Lessee**"), the property was leased for a term of four years commencing on 15 October 2013 and expiring on 14 October 2017 at a monthly rental of HKD544,000 for the first 3 years of tenancy, HKD648,000 for the fourth year of the tenancy exclusive of rates, government rent, management fee and utility charge with an option to renew for another 3 years from 15 October 2017 to 14 October 2020 for shop purpose. The details of rent free period are as follows:

Time Period	**From**	**To**
During the first term of 4 years	15 October 2013	14 December 2013
	15 April 2014	14 May 2014
	15 January 2015	14 February 2015
	15 September 2015	14 October 2015
	15 May 2016	14 June 2016
	15 April 2017	14 May 2017
During the renewed period of 3 years	15 February 2018	14 March 2018
	15 November 2018	14 December 2018
	15 August 2019	14 September 2019
	15 May 2020	14 June 2020

5. The property is located along Kimberley Road abutting to Nathan Road in Tism Sha Tsui which is one of the prime tourist spots and business centres in Hong Kong. The locality largely comprises various high street shops, retail arcades, hotels, offices and composite buildings. Transportation is convenient, it is accessible via bus, taxi and is within 5 minutes walking distance to Tsim Sha Tsui MTR Station. According to the information from the Rating and Valuation Department, the latest average yield is about 2.4% for retail property.

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market Value in existing state as at 31 October 2014
14.	Roof of Block C, Sea View Estate, No. 8 Watson Road, Hong Kong 1/3 of 1/95000th equal and undivided shares of and in Section A of Marine Lot No. 293 and Inland Lot No. 1780	The property comprises a roof and a signboard space erected upon of a 15-storey non-domestic building completed in 1966. The roof area of the property is approximately 8,970 square feet. The property is held under 2 Government Leases both for a term of 75 years renewable for 75 years commencing on 5 November 1906 and 23 December 1907 respectively. The total Government rent payable for Section A of Marine Lot No. 293 and Inland Lot No. 1780 is HKD157,368 per annum.	As confirmed by the Company, the property is currently vacant.	HKD22,400,000 **Interest attributable to the Group** 100% **Market Value attributable to the Group as at 31 October 2014** HKD22,400,000

Notes:

1. The registered owner of the property is Brilliant Icon Limited vide Memorial No. 12012601330026 dated 3 January 2012 which is a wholly owned subsidiary of the Group.

2. The property is subject to a Deed of Mutual Covenant vide Memorial No. UB 2226951 dated 23 January 1982.

3. Pursuant to the latest approval letter dated 19 September 2014 issued by the Buildings Department in respect of Building and Structure (Alterations & Additions – Signboard) Amendment, the Group was approved to commence the demolition and re-construction work of steel structure frame of the signboard.

VALUATION CERTIFICATE

Property interests held by the Remaining Group under development in Hong Kong

	Property	Description and tenure	Particular of occupancy	Market Value in existing state as at 31 October 2014
15.	Nos. 142, 144, 146, 148, 150, 152 and 154 Carpenter Road, Kowloon City, Kowloon New Kowloon Inland Lot Nos. 3715, 3956, 3957 and 3958 and Sections A, E and F of New Kowloon Inland Lot No. 3715	The property comprises seven 5-storey tenement buildings completed in about 1953. The property is built on a rectangular site with an area of approximately 9,122.5 square feet (847.5 sq.m.). Except the Ground Floor of No. 142 Carpenter Road, each building comprises a domestic unit on each floor. Pursuant to an alteration and additional plan for the change of use of the Ground Floor of No.142 Carpenter Road from domestic use to shop use was approved on 23 January 1961. As scaled off from the building plans and property information obtained from the Rating and Valuation Department, the total saleable area excluding yard, lavatories at yard, balcony of the property is approximately 34,355 square feet. New Kowloon Inland Lot Nos. 3715, 3956, 3957 and 3958 are held under various Government Leases all for terms of 75 years renewable for 24 years commencing on 1 July 1898. Sections A, E and F of New Kowloon Inland Lot No. 3715 are held under Conditions of Exchange No. UB4754 for terms of 75 years renewable for 24 years commencing on 1 July 1898. The term of the property has been statutorily extended to 30 June 2047.	Ground Floor of No. 144 Carpenter Road is currently leased for a term of three years commencing from 1 December 2013 to 30 November 2016 at a monthly rent of HKD41,000. The remaining portion of the property is vacant in possession.	HKD440,000,000 **Interest attributable to the Group** 51% **Market Value attributable to the Group as at 31 October 2014** HKD224,400,000

Notes:

1. Pursuant to complete searches at the Land Registry, the Property is held by subsidiaries of the Company and the details of the ownership are as follow:

Portion of Property	Registered Owner
G/F of No. 142 Carpenter Road	Wofeng Holding Limited
1/F to 4/F of No. 142 Carpenter Road	High Bond Limited
144, 146, 148, 150 and 152 Carpenter Road	High Bond Limited
154 Carpenter Road	Macro Win Limited

2. The property is subject to various building orders and notices issued by the Building Authority under the Buildings Ordinance concerning about unauthorized building works, dangerous building and defective or insanitary drainage condition. As verbally confirmed by the Group, the property will be demolished accordingly after the application of land exchange as well as relevant development applications being approved. As the Group intends to demolish the property which in turn nullifying the said orders and notices. Therefore, we consider that there will be no material impact to our valuation.

3. Pursuant to the Special Conditions of Conditions of Exchange No. UB4754 in respect of the property, it contains, *inter alia*, the following development covenants:

   "The lots shall not be used for industrial purposes and no factory building shall be erected thereon."

4. Pursuant to New Kowloon Inland Lot Nos. 3715, 3956, 3957 and 3958 in respect of the property, it contains, *inter alia*, the following development covenants:

   "… the said Lessees will not use or allow to be used the said piece or parcel of ground or any part thereof or any building erected thereon or any part of such building for industrial purposes and will not erect or allow to be erected any factory building on the said piece or parcel of ground. AND will not erected on the said piece or parcel of ground more than one house …"

5. Pursuant to an approved Ma Tau Kok OZP No. S/K10/20 dated 14 November 2008, the Property is designated as "Residential (Group A) 2".

6. As confirmed by the Group, the property is still pending for land exchange application without immediate development potential for the time being such that the completed development value, the estimated total development cost and planning or other regulatory consent is unavailable as at the valuation date.

7. The property is located along Carpenter Road in Kowloon City District which is primarily a residential area. The vicinity mainly comprises with low to medium rise old tenement or composite buildings and dispersed with some newly completed residential redevelopments. The Kowloon City Plaza is located in adjacent to the property whereas the rest of the retail are primarily on-street shops of neighbourhood nature scattered around. It is accessible via bus, light bus and taxi. According to the information from the Rating and Valuation Department, the latest average yields are about 2.4% for retail property, 2.6% and 2.8% for Grade B and C private domestic property respectively.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were and upon Completion will be as follows:

Authorised		*HK$*
10,000,000,000	Shares as at the Latest Practicable Date	100,000,000
Issued and fully paid or credited as fully paid		
3,478,500,000	Shares as at the Latest Practicable Date	34,785,000
(760,000,000)	Shares to be cancelled immediately after Completion	(7,600,000)
2,718,500,000	Shares immediately after Completion	27,185,000

All the issued Shares rank pari passu with each other in all respects including the rights in respect of capital, dividends and voting.

In addition to the issued Shares, the Company also has outstanding share options granted under its share option scheme which entitle the holders thereof to subscribe for a total of 58,400,000 Shares. The share options are held by:

	Number of Shares entitled to subscribe for
Mr. Pong	42,000,000 *(Note 1)*
Mr. Au	8,400,000 *(Note 2)*
Directors of the Company	8,000,000 *(Note 3)*

Notes:

1. These comprise options entitling Mr. Pong to subscribe for (i) 8,400,000 Shares at the subscription price of HK$0.59 per Share during the period from 9 July 2010 to 8 July 2015; (ii) 11,000,000 Shares at the subscription price of HK$0.395 per Share during the period from 26 October 2012 to 25 October 2017; and (iii) 22,600,000 Shares at the subscription price of HK$0.221 per Share during the period from 3 June 2014 to 2 June 2024.

2. These comprise options entitling Mr. Au to subscribe for 8,400,000 Shares at the subscription price of HK$0.395 per Share during the period from 26 October 2012 to 25 October 2017.

3. These comprise options entitling the Directors to subscribe for (i) 6,000,000 Shares at the subscription price of HK$0.395 per Share during the period from 26 October 2012 to 25 October 2017; and (ii) 2,000,000 Shares at the subscription price of HK$0.221 per Share during the period from 3 June 2014 to 2 June 2024.

Save as disclosed above, the Company had no outstanding options, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

The Company has not issued any Shares since 30 June 2014 (being the end of the last financial year of the Company).

3. MARKET PRICE

The table below shows the closing prices of the Shares on the Stock Exchange on (i) 9 January 2015, being the Latest Practicable Date; (ii) 10 December 2014, being the last business day immediately preceding the date of the Announcement; and (iii) the last trading day of each of the calender months during the Relevant Period.

	Closing price per Share *HK$*
30 June 2014	0.218
31 July 2014	0.223
29 August 2014	0.285
30 September 2014	0.270
31 October 2014	0.280
28 November 2014	0.330
10 December 2014	0.370
31 December 2014	0.300
9 January 2015, being the Latest Practicable Date	0.305

The highest and lowest closing price per Share as quoted on the Stock Exchange during the Relevant Period were HK$0.42 per Share on 18 December 2014 and HK$0.214 per Share on 16 June 2014 respectively.

4. DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the following Directors had or was deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors (the "**Model Code**"):

	Number of Shares		
Name of Director	**Personal interest**	**Total**	**Approximate percentage of shareholding**
Lee Wing Yin ("**Mr. Lee**")	2,000,000	2,000,000 *(Note 1)*	0.06%
Ngan Man Ho ("**Mr. Ngan**")	248,000 2,000,000	248,000 2,000,000 *(Note 1)*	0.01% 0.06%
Lai Hin Wing, Henry ("**Mr. Lai**")	1,000,000	1,000,000 *(Note 2)*	0.03%
Koo Fook Sun, Louis ("**Mr. Koo**")	1,000,000	1,000,000 *(Note 2)*	0.03%
Lung Hung Cheuk ("**Mr. Lung**")	1,000,000	1,000,000 *(Note 2)*	0.03%
Yeung Wing Yan, Wendy ("**Ms. Yeung**")	1,000,000	1,000,000 *(Note 2)*	0.03%

Notes:

1. These Shares represent the share options granted by the Company on 26 October 2012 and 3 June 2014 under the share option scheme adopted on 1 November 2011.

2. These Shares represent the share options granted by the Company on 26 October 2012 under the share option scheme adopted on 1 November 2011.

All the interests disclosed above represent long position in Shares and the underlying Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity in which Shares are held	Number of Shares	Approximate percentage of shareholding
Mr. Pong *(Note 1)*	Beneficial owner	394,176,000	11.33%
	Interest in controlled corporation	936,794,000	26.93%
Tung Ching Yee, Helena *(Note 2)*	Family interest	1,330,970,000	38.26%
Virtue Partner *(Note 1)*	Beneficial owner	936,794,000	26.93%
Mr. Au	Beneficial owner	8,400,000 *(Note 3)*	0.24%
	Interest in controlled Corporation	760,000,000 *(Note 4)*	21.85%
Kong Pik Fan *(Note 5)*	Family interest	768,400,000	22.09%
RHL	Beneficial owner	760,000,000 *(Note 4)*	21.85%

Notes:

1. 936,794,000 Shares are beneficially owned by Virtue Partner, a company wholly owned by Mr. Pong, and therefore Mr.Pong is deemed to be interested in these Shares under the SFO. 394,176,000 Shares are personally owned by Mr. Pong, of which 8,400,000 Shares represent the share options granted to him by the Company under a share option scheme (the "**Old Scheme**", which was adopted by the Company pursuant to written resolution of the Company on 2 May 2002) on 9 July 2010 and 11,000,000 and 22,600,000 Shares represent the share options granted to him by the Company under another share option scheme (the "**New Scheme**", which was adopted by the Company pursuant to the ordinary resolution of the Company passed on 1 November 2011 following the termination of the Old Scheme) on 26 October 2012 and 3 June 2014 respectively.

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

3. These 8,400,000 Shares are share options granted by the Company to Mr. Au under the New Scheme on 26 October 2012.

4. These 760,000,000 Shares are beneficially owned by RHL, a company wholly owned by Mr. Au, and therefore Mr. Au is deemed to be interested in the Shares owned by RHL under the SFO.

5. Ms. Kong Pik Fan is the wife of Mr. Au and is accordingly deemed to be interested in the Shares beneficially owned by Mr. Au in his own capacity and through his controlled corporation, RHL, under SFO.

All the interests disclosed above represent long position in Shares and the underlying Shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

5. DISCLOSURE OF OTHER INTERESTS

As at the Latest Practicable Date,

(a) other than the Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) existed between Virtue Partner or parties acting in concert with it and any of the Directors or recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Share Repurchase or the Whitewash Waiver;

(b) no benefit would be given to any Director as compensation for loss of office or otherwise in connection with the Share Repurchase or the Whitewash Waiver (other than statutory compensation);

(c) there was no agreement or arrangement existed between any Director and any other person which would be conditional on or dependent upon the outcome of the Share Repurchase or the Whitewash Waiver or otherwise connected therewith;

(d) there was no material contract entered into by Virtue Partner in which any Director had a material personal interest;

(e) save for (i) the 936,794,000 Shares held by Virtue Partner; and (ii) the 352,176,000 Shares and the share options to subscribe for 42,000,000 Shares held by Mr. Pong (the sole beneficial owner and director of Virtue Partner), Virtue Partner, Mr. Pong and parties acting in concert with any of them did not own or control any relevant securities in the Company and had not dealt in any relevant securities in the Company during the Relevant Period;

(f) no person had irrevocably committed themselves to vote in favour of the resolution approving the Whitewash Waiver at the EGM;

(g) Virtue Partner and parties acting in concert with it did not have any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person;

(h) Virtue Partner and parties acting in concert with it had not borrowed or lent any relevant securities in the Company and had not dealt in any relevant securities in the Company during the Relevant Period;

(i) the Company and the Directors were not interested in any relevant securities in Virtue Partner and had not dealt in any relevant securities in Virtue Partner during the Relevant Period;

(j) save for (i) the 248,000 Shares held by Mr. Ngan Man Ho (an executive Director); and (ii) the share options to subscribe for 8,000,000 Shares held by the Directors (details of which are disclosed in the paragraph headed "Shareholding structure of the Company" in the letter from the Board contained in this circular), the Directors were not interested in any relevant securities in the Company and had not dealt in any relevant securities in the Company during the Relevant Period;

(k) none of the subsidiaries of the Company, pension fund of the Company or of any subsidiaries of the Company, or any adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code owned or controlled any securities of the Company and none of them had dealt in any relevant securities in the Company since the date of the Announcement up to and including the Latest Practicable Date;

(l) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between any person and the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of "associate" under the Takeovers Code;

(m) there was no relevant securities in the Company which were managed on a discretionary basis by fund managers connected with the Company;

(n) it is the intention of Mr. Ngan Man Ho, an executive Director, to vote in favour of the resolution approving the the Whitewash Waiver at the EGM in respect of the 248,000 Shares held by him; and

(o) the Company and the Directors had not borrowed or lent any relevant securities in the Company and had not dealt in any relevant securities in the Company since the date of the Announcement up to and including the Latest Practicable Date.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, each of Mr. Koo, Ms. Yeung and Mr. Lung, the independent non-executive Directors, has signed a letter of appointment with the Company for a term of one year, of which Mr. Koo's and Mr. Lung's terms are commencing from 23 March 2014 and expiring on 22 March 2015, while Ms. Yeung's term is commencing from 12 December 2014 and expiring on 11 December 2015.

Mr. Lai, the non-executive Director, has signed a letter of appointment with the Company for a term of one year commencing from 12 December 2014 and expiring on 11 December 2015.

Mr. Lee, the executive Director, has entered into a service agreement with the Company for a term of 36 months commencing from 1 June 2013, which may be terminated by not less than three months' notice in writing served by either party at any time thereafter. Mr. Lee is entitled to a director's emolument of HK$71,000 per month plus discretionary bonus to be decided by the Board at its sole discretion, which is determined by reference to the prevailing market conditions and his roles, experience and responsibilities in the Company.

Mr. Ngan has entered into a service agreement with the Company for an initial term of 36 months commencing from 12 December 2014, which may be terminated by not less than three months' notice in writing served by either party at any time thereafter. Mr. Ngan is entitled to a director's emolument of HK$64,500 per month plus discretionary bonus to be decided by the Board at its sole discretion, which is determined by reference to the prevailing market conditions and his roles, experience and responsibilities in the Company.

As at the Latest Practicable Date, save as disclosed above, none of the Directors had any existing or proposed service contract with the Company, or any of its subsidiaries or associated companies which:

(a) (including both continuous and fixed term contracts) had been entered into or amended during the Relevant Period;

(b) was a continuous contract with a notice period of 12 months or more;

(c) was a fixed term contract with more than 12 months to run irrespective of the notice period; or

(d) was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or substantial Shareholder or any of their respective associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

8. LITIGATION

As at the Latest Practicable Date, there were several litigation claims against the Group. One of the litigations relates to labour dispute made against the Group. This claim concerned the former employee of the Group who made claim on account of alleged bonuses due in relation to the property assembly projects undertaken by the Group during his course of employment. The Labour Tribunal judged that the Group is liable to pay HK$4,100,000 to the former employee. Accordingly, the provision for legal claim of approximately HK$4,100,000 has been provided for the year ended 30 June 2014. The Group appealed against the decision to the Court of First Instance. By the judgment of the Court of First Instance, the case was remitted to the Labour Tribunal for retrial. As at the Latest Practicable Date, the litigation is still in progress.

There was another labour dispute made against the Group. This claim concerned some former employees of the Group who made claims on holiday pay and allowance compensation during their course of employment. In the event the Group is unsuccessful in defending such claims, the Group may be liable to pay a maximum amount of approximately HK$723,000 to these claimants. The management of the Group considers it too early to conclude that the Group is liable to pay the claimed amount; and accordingly, no provision has been made for these claims. As at the Latest Practicable Date, the litigation is still in progress.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

9. INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, no contract or arrangement of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted as at the Latest Practicable Date.

None of the Directors has any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries during the period since 30 June 2014, the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

10. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business carried on or intended to be carried on by the Group) have been entered into by members of the Group within the two years before the date of the Announcement which are or may be material:

(a) the provisional agreement dated 17 January 2014 and entered into between World Fair Global Limited, a wholly-owned subsidiary of the Company as seller, and Profit Vision Investments Limited as purchaser, for the sale and purchase of 49% equity interests in Plan Link Limited for a consideration of HK$225,400,000;

(b) the formal agreement dated 4 March 2014 and entered into between World Fair Global Limited, a wholly-owned subsidiary of the Company as seller, and Profit Vision Investments Limited as purchaser, for the sale and purchase of 49% equity interests in Plan Link Limited for a consideration of HK$225,400,000;

(c) the shareholders' agreement dated 17 March 2014 and entered into between World Fair Global Limited, a wholly-owned subsidiary of the Company, and Profit Vision Investments Limited in relation to their interests in Plan Link Limited;

(d) the sale and purchase agreement dated 15 April 2014 and entered into between Ace Decade Developments Limited, a wholly-owned subsidiary of the Company as seller, and Bayswater Road (112) Limited as purchaser, for the sale and purchase of the freehold property known as 119-122 Bayswater Road, London W2 3JH under the title number LN62008, 272756 and 436171 for a consideration of £39,000,000; and

(e) the Agreement.

11. EXPERTS

Set out below are the qualification of the experts who have given opinions or advices contained in this circular:

Name	Qualification
Ascent Partners Valuation Service Limited	independent professional valuer
BDO Limited	certified public accountants
Optima Capital Limited	a corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities
Veda Capital	a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activities

As at the Latest Practicable Date, none of the above experts had any interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 30 June 2014, the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, none of the above experts was interested in any securities in any members of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its respective letter and/or report and/or reference to its name in the form and context in which they respectively appear.

12. GENERAL

(a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(b) The head office and principal place of business of the Company in Hong Kong is Unit 1209, 12/F., Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

(c) The branch share registrar and transfer office in Hong Kong of the Company is Tricor Tengis Limited located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The company secretary of the Company is Mr. Lee Wing Yin, who is an associate member of the HKICPA and a fellow member of The Association of Chartered Certified Accountants and also an executive Director of the Company.

(e) The compliance officer of the Company is Mr. Lee Wing Yin.

(f) The registered office of Virtue Partner is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Island. Mr. Pong is the sole beneficial owner and sole director of Virtue Partner.

(g) The registered office of Optima Capital Limited is at Suite 1501, 15th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.

13. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection (i) at the principal place of business of the Company in Hong Kong at Unit 1209, 12/F., Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong; (ii) on the website of the Securities and Futures Commission of Hong Kong at www.sfc.hk; and (iii) on the website of the Company at www.richfieldgroup.hk, during normal business hours on any business day from the date of this circular up to and including the date of the EGM:

(a) the Memorandum and Articles of Association;

(b) the memorandum and articles of association of Virtue Partner;

(c) the annual reports of the Company for each of the two years ended 30 June 2013 and 2014;

(d) the letter from the Board as set out in this circular;

(e) the letter from the Listing Rules IBC as set out in this circular;

(f) the letter from the Takeovers Code IBC as set out in this circular;

(g) the letter from Veda Capital as set out in this circular;

(h) the report by BDO Limited on the unaudited pro forma financial information of the Remaining Group as set out in Appendix II to this circular;

(i) the report by Optima Capital Limited on the expected gain or loss of the Group as a result of the Disposal as set out in Appendix III to this circular;

(j) the property valuation report by Ascent Partners Valuation Service Limited as set out in Appendix IV to this circular;

(k) the service contracts as referred to under the paragraph headed "Directors' service contracts" in this appendix;

(l) the material contracts as referred to under the paragraph headed "Material contracts" in this appendix;

(m) the written consent letters from Ascent Partners Valuation Service Limited, BDO Limited, Optima Capital Limited and Veda Capital as referred to under the paragraph headed "Experts" in this appendix; and

(n) this circular.

田生集團有限公司
RICHFIELD GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 183)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of Richfield Group Holdings Limited (the "**Company**") will be held at 9:30 a.m. on Wednesday, 4 February 2015 at Unit 1209, 12/F., Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**

(a) the conditional sale and purchase agreement (the "**Agreement**") dated 11 December 2014 entered into among the Company, Richfield (Holdings) Limited ("**RHL**") and Mr. Au Wing Wah in relation to, among other matters, (i) the proposed disposal (the "**Disposal**") of one issued share (the "**Sale Share**") of US$1.00 in the capital of Vastwood Limited ("**Vastwood**"), representing the entire issued share capital of Vastwood, and all obligations, liabilities and debts (the "**Sale Loan**") owing or incurred by Vastwood and its subsidiaries (the "**Vastwood Group**") to the Company and its subsidiaries (other than the Vastwood Group) on the date of completion of the Agreement by the Company for the consideration of approximately HK$269.2 million; and (ii) the proposed repurchase and cancellation (the "**Share Repurchase**") of the 760,000,000 ordinary shares (the "**Repurchase Shares**") of HK$0.01 each in the share capital of the Company by the Company from RHL at the proposed repurchase price in an aggregate of approximately HK$269.2 million to be provided out of any funds of the Company available for such repurchase in accordance with the Companies Law and the memorandum and articles of association of the Company, which constitutes an off-market share buy-back by the Company pursuant to Rule 2 of the Hong Kong Code on Share Buy-backs, (a copy of which is marked "A" and produced to the EGM and signed by the chairman of the EGM for identification purpose) be and is hereby ratified, confirmed and approved and the directors (the "**Directors**") of the Company be and are hereby authorised to do all such acts and things and execute all such documents, including under seal where appropriate, which they consider necessary, desirable or expedient for the implementation of and giving effect to the Agreement and the transactions contemplated thereunder;

(b) the Disposal and the transactions contemplated thereunder be and is hereby approved and any Director be and is hereby authorised to sign and execute such documents, including under seal where applicable, and to take all such acts and things incidental to the Disposal or as he/she considers necessary, desirable or expedient to implement or give effect to the Disposal and the transactions contemplated thereunder; and

(c) the Share Repurchase and the transactions contemplated thereunder be and is hereby approved, the Directors be and are hereby authorised to determine the manner, terms and conditions of the Share Repurchase, and any Director be and is hereby authorised to sign and execute such documents, including under seal where applicable, and to take all such acts and things incidental to the Share Repurchase or as he/she considers necessary, desirable or expedient to implement or give effect to the Share Repurchase and the transactions contemplated thereunder."

2. "**THAT** subject to the passing of the resolution numbered 1 above, the terms of the application for a waiver granted or to be granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission to Virtue Partner Group Limited (the "**VP**") pursuant to Note 1 on the Dispensations from Rule 26 of the Code on Takeovers and Mergers of Hong Kong from an obligation to make a mandatory general offer for the issued Shares not already owned by VP and parties acting in concert with it arising from the Share Repurchase be and are hereby approved and confirmed."

SPECIAL RESOLUTIONS

3. "**THAT** subject to the passing of the resolutions numbered 1 and 2 above, and the entry of the new name and dual foreign name of the Company in the register of companies maintained by the Registrar of Companies in the Cayman Islands, the name and dual foreign name of the Company be and is hereby changed from "Richfield Group Holdings Limited 田生集團有限公司" to "Winfull Group Holdings Limited 宏輝集團控股有限公司" with effect from the date of entry of the new English and dual foreign name of the Company on the register of companies maintained by the Registrar of Companies in the Cayman Islands, and any one or more of the Directors be and are hereby authorised to do all such acts and things and execute all such documents, including under seal where appropriate, which he/she/they consider necessary, desirable or expedient for the implementation of and giving effect to the change of the Company name and dual foreign name and the transactions ancillary thereto."

4. "**THAT** subject to the passing of the resolution numbered 3 above, and the new name and dual foreign name of the Company being entered in the register of companies by the Registrar of Companies in the Cayman Islands, the memorandum of association and articles of association of the Company be amended by replacing all references to "Richfield Group Holdings Limited 田生集團有限公司" with "Winfull Group Holdings Limited 宏輝集團控股有限公

司" and the amended and restated memorandum of association and articles of association of the Company (in the form which is marked "B" and produced to the EGM and signed by the chairman of the EGM for identification purpose) be approved and adopted in substitution for and to the exclusion of the existing memorandum of association and articles of association of the Company."

Yours faithfully
By order of the Board
Ngan Man Ho
Executive Director

Hong Kong, 12 January 2015

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

Head Office and Principal Place of Business in Hong Kong:
Unit 1209, 12/F.
Silvercord Tower 2
30 Canton Road
Tsim Sha Tsui
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation shall be entitled to exercise the same powers on behalf of the member of the Company which he or they represent as such member of the Company could exercise.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.

3. The instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's principal place of business in Hong Kong at Unit 1209, 12/F., Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting at which the person named in the instrument proposes to vote.

4. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

5. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As at the date of this notice, the executive Directors are Mr. Lee Wing Yin and Mr. Ngan Man Ho; the non-executive Director is Mr. Lai Hin Wing, Henry; and the independent non-executive Directors are Mr. Koo Fook Sun, Louis, Ms. Yeung Wing Yan, Wendy and Mr. Lung Hung Cheuk respectively.