



田 生 集 團 有 限 公 司\*  
**RICHFIELD GROUP HOLDINGS LIMITED**

(incorporated in the Cayman Islands with limited liability)  
(Stock Code: 8136)

**2008/09**

**Second Interim Report**

\* For identification purposes only



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*This report, for which the directors of Richfield Group Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to Richfield Group Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## SECOND INTERIM RESULTS

The board of directors (the "Board") of Richfield Group Holdings Limited (the "Company") herein presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and twelve months ended 31 March 2009 together with the comparative figures for the corresponding periods in 2008 as follows:

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and twelve months ended 31 March 2009

	Notes	Twelve months ended 31 March		Three months ended 31 March	
		2009 (Unaudited) HK\$'000	2008 (Audited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
REVENUE	4	65,499	143,155	4,854	45,544
Cost of sales		(38,387)	(88,046)	(7,295)	(21,391)
Gross profit/(loss)		27,112	55,109	(2,441)	24,153
Other income	4	4,201	6,812	844	1,712
Selling and distribution expenses		(2,898)	(10,102)	(1,016)	(1,300)
Administrative expenses		(19,156)	(15,079)	(7,464)	(7,644)
OPERATING PROFIT/(LOSS)		9,259	36,740	(10,077)	16,921
(Finance costs)/Reversal of finance costs		-	(2,587)	-	4,380
PROFIT/(LOSS) BEFORE INCOME TAX	5	9,259	34,153	(10,077)	21,301
Income tax expense	6	(3,073)	(6,496)	1,313	(4,326)
PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		6,186	27,657	(8,764)	16,975
DIVIDENDS	7	-	20,997	-	20,997
EARNINGS/(LOSS) PER SHARE FOR PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8				
Basic		HK0.21 cent	HK1.06 cent	HK(0.30) cent	HK0.58 cent
Diluted		N/A	N/A	N/A	N/A

# UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 March 2009

	Notes	As at 31 March 2009 (Unaudited) HK\$'000	As at 31 March 2008 (Audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,193	791
Goodwill	9	474,000	156,200
Available-for-sale financial assets		17,947	–
Rental and sundry deposits		609	161
Long term trade receivables	10	673	673
		<b>494,422</b>	<b>157,825</b>
<b>Current assets</b>			
Amount due from a shareholder	9	–	317,800
Properties held for trading		56,978	42,917
Trade receivables	10	5,695	39,386
Prepayments, deposits and other receivables		3,392	3,138
Financial assets at fair value through profit or loss		11,695	3,518
Cash and bank balances		206,892	245,107
		<b>284,652</b>	<b>651,866</b>
<b>Current liabilities</b>			
Trade payables	11	2,051	16,390
Accrued expenses and other payables		13,437	2,569
Taxes payable		3,815	8,929
		<b>19,303</b>	<b>27,888</b>
<b>Net current assets</b>		<b>265,349</b>	<b>623,978</b>
<b>Net assets</b>		<b>759,771</b>	<b>781,803</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	12	29,285	29,285
Reserves		730,486	752,518
<b>Total equity</b>		<b>759,771</b>	<b>781,803</b>

## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Twelve months ended  
31 March

	2009 (Unaudited) HK\$'000	2008 (Audited) HK\$'000
Net cash inflow/(outflow) from operating activities	21,444	(14,438)
Net cash outflow from investing activities	(38,662)	(24,348)
Net cash (outflow)/inflow from financing activities	(20,997)	260,752
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(38,215)	221,966
Cash and cash equivalents at beginning of period	245,107	23,141
CASH AND CASH EQUIVALENTS AT END OF PERIOD	206,892	245,107
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	206,892	245,107

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the twelve months ended 31 March 2009

	Share capital (Audited) HK\$'000	Share premium account (Audited) HK\$'000	Convertible bond equity reserve (Audited) HK\$'000	(Accumulated losses)/ Retained profits (Audited) HK\$'000	Total (Audited) HK\$'000
At 1 April 2007	18,000	39,632	–	(22,908)	34,724
Equity components of convertible bonds	–	–	149,101	–	149,101
Issue of shares upon conversion of convertible bonds	7,600	450,987	(149,101)	–	309,486
Issue of new shares	3,685	265,320	–	–	269,005
Issuing cost	–	(8,170)	–	–	(8,170)
Net profit for the period	–	–	–	27,657	27,657
At 31 March 2008	29,285	747,769	–	4,749	781,803

	Share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Fair value reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 April 2008	29,285	747,769	–	4,749	781,803
Net fair value loss on available- for-sale financial assets	–	–	(7,221)	–	(7,221)
Net profit for the period	–	–	–	6,186	6,186
Final dividend paid	–	(20,997)	–	–	(20,997)
At 31 March 2009	29,285	726,772	(7,221)	10,935	759,771

# NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Richfield Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 10 January 2002 as 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 shares are listed on The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activity of the Company is investment holding. The subsidiaries (together with the Company referred to as the “Group”) are principally engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopment and property trading in Hong Kong (the “Property Assembly and Brokerage Business”), the trading of recycled computers and the trading of bags and accessories.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

### *Basis of preparation*

The unaudited condensed consolidated interim financial statements of the Group for the twelve months ended 31 March 2009 (the “Condensed Financial Report”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The Condensed Financial Report should be read in conjunction with the annual financial statements of the Company for the year ended 31 March 2008 (the “2008 Annual Financial Statements”).

The preparation of the Condensed Financial Report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Condensed Financial Report have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and available-for-sale financial assets which are stated at fair value.

The Condensed Financial Report 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.

### *Principal accounting policies*

The accounting policies and methods of computation adopted in the preparation of the Condensed Financial Report are consistent with those adopted in the 2008 Annual Financial Statements, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRS”), HKAS and Interpretations (“Int”) issued by the HKICPA.

HK(IFRIC) – Int 11  
HK(IFRIC) – Int 12  
HK(IFRIC) – Int 14

HKAS 39 (Amendments)

HKFRS 2: Group and Treasury Share Transactions  
Service Concession Arrangements  
HKAS 19 – The Limit on a Defined Benefit Asset, Minimum  
Funding Requirements and Their Interactions  
Reclassification of Financial Assets

There was no material impact on the basis of preparation of the Condensed Financial Report arising from the abovementioned accounting standards.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>2</sup>
HKAS 1, HKAS 32, HKAS 39 & HKFRS 7 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>2</sup>
HKFRS 1 (Revised)	First-time adoption of HKFRSs <sup>2</sup>
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>2</sup>
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments <sup>1</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC) – Int 2	Members' Shares in Co-operative Entities and Similar Instruments <sup>1</sup>
HK(IFRIC) – Int 9 (Amendment)	Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives <sup>6</sup>
HK(IFRIC) – Int 13	Customer Loyalty Programmes <sup>3</sup>
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate <sup>1</sup>
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation <sup>4</sup>
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners <sup>2</sup>
HK(IFRIC) – Int 18	Transfers of Assets from Customers <sup>2</sup>
Various – Annual Improvements to HKFRS 2008 <sup>5</sup>	

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2008

<sup>4</sup> Effective for annual periods beginning on or after 1 October 2008

<sup>5</sup> Generally effective for annual periods beginning on or after 1 January 2009 unless otherwise stated in the specific HKFRS

<sup>6</sup> Effective for annual periods ending on or after 30 June 2009

The directors 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.

The directors of the Company are currently assessing the impact of these HKFRSs but are not yet in a position to state whether they would have material financial impact on the Condensed Financial Report.

### 3. SEGMENT INFORMATION

#### (i) Primary reporting format – business segments

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Details of the business segments are summarised as follows:

- (a) the Property Assembly and Brokerage Business, details of which have been set out in note 1;
- (b) Trading of bags and accessories segment represents the selling of bags and accessories via retail shops, department store counters, overseas agents and distributors;
- (c) Trading of recycled computers segment (the "Recycled Computer Business"); and
- (d) the corporate segment represents investment holding.

	Twelve months ended 31 March									
	Property Assembly and Brokerage Business		Recycled Computer Business		Trading of bags and accessories		Corporate		Total	
	2009 (Unaudited) HK\$'000	2008 (Audited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Audited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Audited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Audited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Audited) HK\$'000
Segment revenue:										
Turnover for external customers	46,948	80,687	15,595	31,062	2,956	31,406	-	-	65,499	143,155
Segment results	16,083	36,340	(3,359)	(2,928)	(79)	124	(2,553)	(367)	10,092	33,169
Unallocated revenue									3,494	6,119
Unallocated cost									(4,327)	(2,548)
Operating profit									9,259	36,740
Finance costs									-	(2,587)
Profit before income tax									9,259	34,153
Income tax expense									(3,073)	(6,496)
Profit for the period									6,186	27,657

(ii) **Secondary reporting format – geographical segments**

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods and services.

Sales revenue by geographical markets:

	Twelve months ended 31 March	
	2009 (Unaudited) HK\$'000	2008 (Audited) HK\$'000
Hong Kong	65,499	137,304
Others	–	5,851
	<b>65,499</b>	<b>143,155</b>

**4. REVENUE AND OTHER INCOME**

Revenue represents the net invoiced value of goods sold and net value of services rendered, after allowances for returns and trade discounts. All significant transactions amongst the companies comprising the Group have been eliminated on consolidation. Revenue recognised during the period is as follows:

	Twelve months ended 31 March		Three months ended 31 March	
	2009 (Unaudited) HK\$'000	2008 (Audited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Revenue				
Sales of goods	18,551	62,468	4,793	4,900
Sales of properties	–	21,014	–	11,845
Commission income	46,948	59,673	61	28,799
	<b>65,499</b>	<b>143,155</b>	<b>4,854</b>	<b>45,544</b>
Other income				
Interest income	3,494	6,020	811	1,494
Dividend income	465	–	134	–
Exchange gain, net	–	99	(106)	99
Sundry income	242	693	5	119
	<b>4,201</b>	<b>6,812</b>	<b>844</b>	<b>1,712</b>
	<b>69,700</b>	<b>149,967</b>	<b>5,698</b>	<b>47,256</b>

## 5. PROFIT/(LOSS) BEFORE INCOME TAX

The Group's profit/(loss) before income tax is arrived at after charging and crediting the following:

	Twelve months ended 31 March		Three months ended 31 March	
	2009 (Unaudited) HK\$'000	2008 (Audited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Fair value loss on financial assets at fair value through profit or loss	4,327	367	1,707	367
Effective interest expense on convertible bonds	–	2,587	–	–
Reversal of effective interest expense on promissory notes	–	–	–	(4,380)
Depreciation	558	411	164	97

## 6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (three and twelve months ended 31 March 2008: 17.5%) on the estimated assessable profit arising in Hong Kong for the current period. Taxes on profits assessable in other jurisdictions have been calculated at the rates of tax prevailing in the places in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Deferred tax had not been provided for the Group because the Group had no significant temporary differences at the balance sheet date (31 March 2008: Nil).

## 7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the twelve months ended 31 March 2009 (twelve months ended 31 March 2008: HK0.717 cent).

## 8. EARNINGS/(LOSS) PER SHARE

The calculations of basic (loss)/earnings per share for the three and twelve months ended 31 March 2009 are based on the unaudited consolidated loss of HK\$8,764,000 and profit of HK\$6,186,000 attributable to equity holders of the Company for the three and twelve months ended 31 March 2009 respectively (three and twelve months ended 31 March 2008: a profit of HK\$16,975,000 and HK\$27,657,000 respectively) and on the weighted average number of 2,928,500,000 shares during the three and twelve months ended 31 March 2009 (three and twelve months ended 31 March 2008: 2,928,500,000 shares and 2,605,781,421 shares respectively).

Diluted earnings per share for the three and twelve months ended 31 March 2009 and the corresponding periods in 2008 are not disclosed as no dilutive events existed during those periods.

## 9. GOODWILL/AMOUNT DUE FROM A SHAREHOLDER

Goodwill arose from the acquisition of Richfield Realty Limited (“Richfield Realty”) and Maxitech System Company Limited in previous years. The net carrying amount of goodwill can be analysed as follows:

	<b>31 March 2009 (Unaudited) HK\$'000</b>	31 March 2008 (Audited) HK\$'000
Net carrying amount at 1 April	<b>156,200</b>	3,555
Arising from the acquisition of a subsidiary	–	156,200
Adjustment based on settlement agreement	<b>317,800</b>	–
Impairment loss on the Recycled Computer Business	–	(3,555)
Net carrying amount at the end of period/year attributable to the Property Assembly and Brokerage Business	<b>474,000</b>	156,200

The amount due from a shareholder as at 31 March 2008 arose from the shortfall of the results of a subsidiary over its guaranteed results. Details of the balance have been set out in the Company’s 2008 Annual Financial Statements.

Pursuant to the settlement agreement dated 12 June 2008 (the “Settlement Agreement”) as supplemented by another supplemental agreement (the “Supplemental Agreement”) entered into between the shareholder and the Company dated 17 July 2008 (collectively referred to as the “Settlement Agreements”) and pursuant to the resolution for the approval of the Settlement Agreements in the extraordinary general meeting (the “EGM”) held on 25 August 2008, the repayment for the amount due from one of the shareholders is now compensated by a new guaranteed profit of Richfield Realty. Details of which have been set out in the Company’s announcement dated 13 June 2008 and 28 July 2008.

As the Settlement Agreements together with the sales and purchase agreement dated 10 April 2007 (the “Acquisition Agreement”) for the acquisition of Richfield Realty (the “Acquisition”) are constituted as one transaction as a whole and therefore are read together for the Acquisition. As a result, goodwill arising from the Acquisition amounted to HK\$474,000,000 as at 31 March 2009.

## 10. TRADE RECEIVABLES

For the trading of bags and accessories and the Recycled Computer Business, the Group's trading terms with its trade customers are mainly on credit, which generally have credit terms of up to 90 days (31 March 2008: 90 days). For the Property Assembly and Brokerage Business, the Group generally allows a credit period from 1 month to 3 years to its customers, in accordance with the terms of the mutual agreements after individual negotiations. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Ageing analysis of the Group's trade receivables as at the balance sheet dates based on the invoice dates is as follows:

	31 March 2009 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Within 90 days	554	39,108
91–180 days	294	278
181–365 days	1,243	673
Over 365 days	4,277	–
	<b>6,368</b>	40,059

## 11. TRADE PAYABLES

Ageing analysis of the Group's trade payables as at the balance sheet dates based on the invoice dates is as follows:

	31 March 2009 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Within 90 days	–	15,317
91–180 days	–	600
181–365 days	–	–
Over 365 days	2,051	473
	<b>2,051</b>	16,390

## 12. SHARE CAPITAL

	Number of shares	(Unaudited) HK\$'000
<b>Authorised</b>		
10,000,000,000 ordinary shares of HK\$0.01 each	10,000,000,000	100,000
<b>Issued and fully paid</b>		
At 1 April 2008 and 31 March 2009	2,928,500,000	29,285

The Company has a share option scheme for the directors and eligible employees and consultants of the Group. There were no outstanding share options at the beginning and end of the period.

During the period, no share options were granted and exercised.

## 13. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with its related parties during the period and the balances with the related parties at the end of the periods:

	Twelve months ended 31 March		Three months ended 31 March	
	2009 (Unaudited) HK\$'000	2008 (Audited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Operating lease rental expenses in respect of office premises to a related company	940	722	241	231

The Group entered into two lease agreements with a related company, in which a director of a subsidiary of the Group has beneficial interests, on terms mutually agreed by both parties.



## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the twelve months ended 31 March 2009 (twelve months ended 31 March 2008: HK0.717 cent).

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopment, property trading in Hong Kong, trading of recycled computers and trading of bags and accessories.

The Group is also currently engaged in property assembly schemes for approximately 109 redevelopment projects in Hong Kong. Those engaged projects are all residential and commercial properties which are located in Hong Kong Island and Kowloon.

The bags sold by the Group consist principally of business bags, sports bags, backpacks, handbags and wallets. The accessories sold by the Group include belts, watches, spectacles and umbrellas. The trading of recycled computers by the Group includes PCs, laptops and computer parts (such as RAM modules, LCD panels, hard disks, DVD-ROMs, plastic covers, and keyboards etc.).

## FINANCIAL REVIEW RESULTS

During the twelve months ended 31 March 2009, the Group recorded a turnover of approximately HK\$65,499,000, representing a decrease of approximately 54% compared with the corresponding period last year of approximately HK\$143,155,000. The decrease in turnover was mainly attributed to the decrease in turnover of the business of trading of recycled computers and trading of bags and accessories. In respect of the Property Assembly and Brokerage Business, it contributes approximately HK\$46,948,000 to the turnover of the Group for the period and this represents a decrease of approximately 42% compared with the corresponding period last year of approximately HK\$80,687,000 because of the adverse market condition since the financial crisis in mid of 2008.

Profit before income tax of the Group for the twelve months ended 31 March 2009 was approximately HK\$9,259,000, representing a decrease of approximately 73% when compared with the corresponding period last year of approximately HK\$34,153,000. Due to the decrease of turnover for the period ended 31 March 2009, profit attributable to equity holders for the period was decreased to approximately HK\$6,186,000 compared with that of approximately HK\$27,657,000 for the corresponding period last year.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the twelve months ended 31 March 2009, the Group mainly financed its operations with its own working capital.

As at 31 March 2009, the Group had net current assets of approximately HK\$265,349,000 (31 March 2008: approximately HK\$623,978,000), including cash and bank balances of approximately HK\$206,892,000 (31 March 2008: approximately HK\$245,107,000).

As at 31 March 2009, the Group had no secured loans (31 March 2008: Nil).

As at 31 March 2009, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was zero (31 March 2008: zero), since the Group has no bank borrowings.

There is no material change in capital structure of the Company during the twelve months ended 31 March 2009.

### **SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save for those disclosed in this second interim report, there were no significant investment held, material acquisitions or disposals of subsidiaries and affiliated companies during the twelve months ended 31 March 2009 and there is no plan for material investments or capital assets as at the date of this second interim report.

### **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 31 March 2009.

### **LEASE AND CONTRACTED COMMITMENTS**

The Group leases certain of its office premises and warehouses under non-cancellable operating lease arrangements with lease terms ranging from one to three years.

At 31 March 2009, the Group had total future minimum lease payments in respect of non-cancellable operating leases falling due as follows:

	<b>31 March 2009 (Unaudited) HK\$'000</b>	31 March 2008 (Audited) HK\$'000
Land and buildings expiring:		
Within one year	<b>1,367</b>	719
In the second to fifth years, inclusive	<b>478</b>	161
	<b>1,845</b>	880

Save for the above commitment, as at 31 March 2009, neither the Group nor the Company had any other significant commitments.

### **FOREIGN EXCHANGE EXPOSURE**

The Group's income and expenditure during the twelve months ended 31 March 2009 were denominated in United States dollars ("US\$"), HK dollars ("HK\$") and Renminbi ("RMB"), and most of the assets and liabilities as at 31 March 2009 were denominated in HK\$. Accordingly, the Board is of the view that, to certain extent, the Group is exposed to foreign currency exchange risk. For the US\$ foreign exchange exposure, the Board believes the exposure is small as the exchange rate of US\$ to HK\$ is comparatively stable. However, the Group is exposed to RMB foreign exchange exposure and fluctuation of exchange rates of RMB against HK\$ could affect the Group's results of operations. During the period under review, no hedging transaction or arrangement was made.



## TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

## SEGMENT INFORMATION

### ***Business segments***

#### *Property assembly and brokerage*

Property assembly and brokerage comprised of provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopment and property trading. Property assembly and brokerage represents approximately 72% of the total turnover which amounts to approximately HK\$46,948,000 (31 March 2008: approximately HK\$80,687,000).

#### *Trading of recycled computer*

Trading of recycled computer comprised of trading and distribution of recycled computers and related accessories. Trading of recycled computers represents approximately 24% of the total turnover which amounts to approximately HK\$15,595,000 (31 March 2008: approximately HK\$31,062,000).

#### *Trading of bags and accessories*

Trading of bags and accessories comprised of retail sales and wholesale to agents and distributors. Trading of bags and accessories represents approximately 4% of the total turnover which amounts to approximately HK\$2,956,000 (31 March 2008: approximately HK\$31,406,000).

#### *Geographical segments*

For the twelve months ended 31 March 2009, the whole turnover of approximately HK\$65,499,000 was for Hong Kong and it was decreased significantly by approximately 54% as compared to the total turnover of previous corresponding period of HK\$143,155,000. The decrease was mainly attributed to the decrease in turnover from the trading of recycled computers and trading of bags and accessories.

Please refer to note 3 to the unaudited condensed consolidated financial statements of this second interim report for details on business and geographical segments.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2009, the Group had 96 (31 March 2008: 101) employees, including directors of the Company. Total staff costs (including directors' emoluments) were approximately HK\$18,689,000 for the twelve months ended 31 March 2009 as compared to approximately HK\$12,871,000 for the twelve months ended 31 March 2008. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and share option scheme.



## BUSINESS REVIEW

During the twelve months ended 31 March 2009, despite of the deterioration of the local economy and property market, the Group continued to expand its core business, the provision of property assembly, brokerage and trading of property. Turnover from the Property Assembly and Brokerage Business for the twelve months ended 31 March 2009 was approximately HK\$46,948,000, representing a decrease of approximately 42% (31 March 2008: approximately HK\$80,687,000). Operating profit for the Property Assembly and Brokerage Business was approximately HK\$16,083,000 which was decreased by approximately 56% compared with that of approximately HK\$36,340,000 for the corresponding period last year.

During the period under review, the Group has completed 7 major assembly projects, which are mainly located in the densely populated areas in Hong Kong Island and Kowloon, such as Causeway Bay, Western District, Sham Shui Po, etc., with the total contract sum and the total gross profit of approximately HK\$501,330,000 and approximately HK\$30,000,000 respectively.

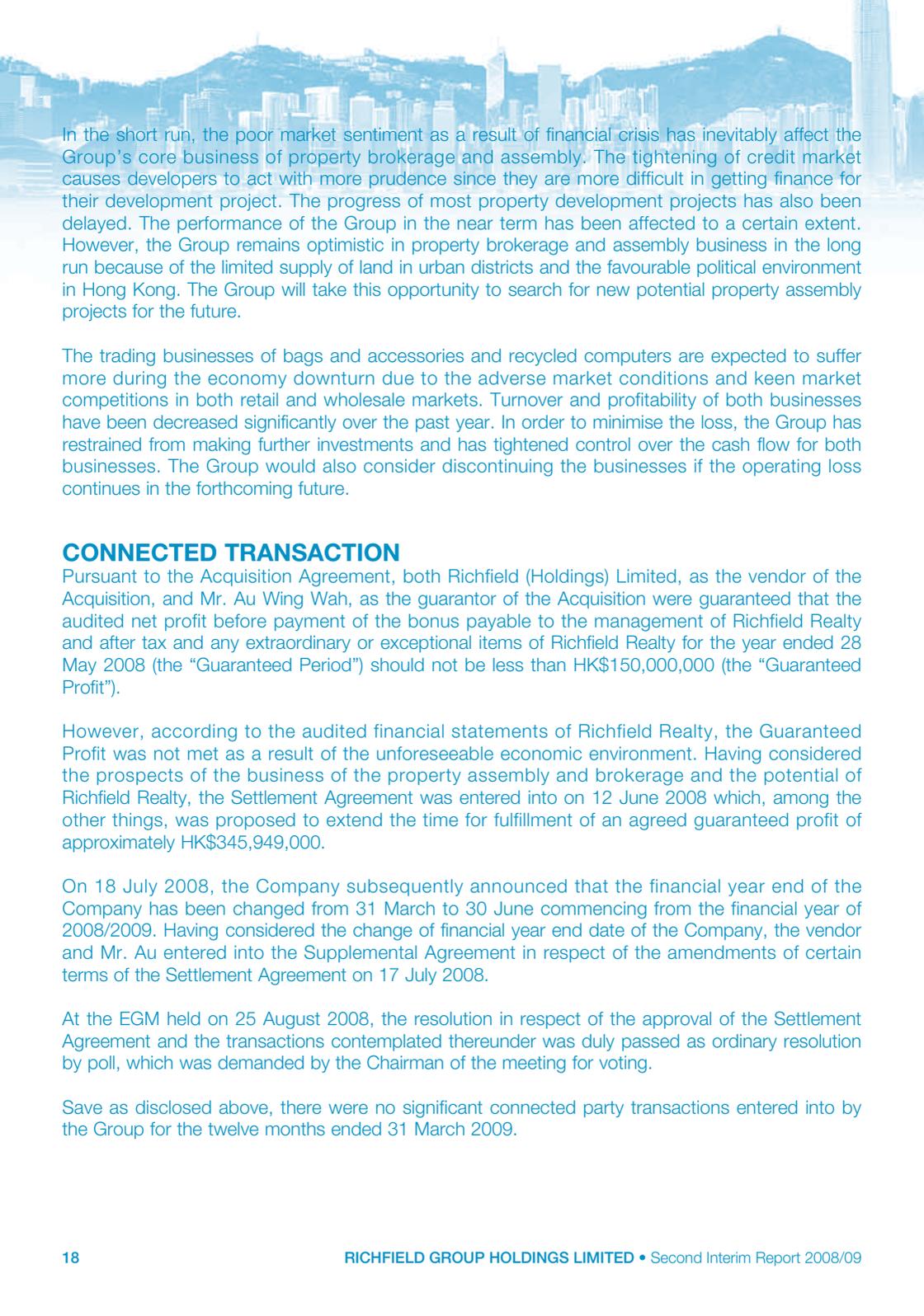
As at 31 March 2009, the Group had approximately 109 property assembly projects in progress with a total site area of approximately 1,000,000 square feet. Among those projects in progress, approximately 43 projects are located in Hong Kong Island, mainly in the Mid-Levels, Sheung Wan, Causeway Bay, Western District, Shau Kei Wan and Quarry Bay. Approximately 66 projects are located in Kowloon, mainly in Sham Shui Po, Mong Kok, Kwun Tong, Tai Kok Tsui, Ho Man Tin and To Kwa Wan.

The business of trading of recycled computers contributed approximately HK\$15,595,000 to the Group's turnover for the twelve months ended 31 March 2009, representing approximately 24% of the Group's turnover for the reporting period and a substantial decrease compared with the corresponding period last year (31 March 2008: approximately HK\$31,062,000). An operating loss of approximately HK\$3,359,000 was recorded for the reporting period. The operating loss and the decrease in turnover in this sector for the twelve months ended 31 March 2009 were mainly caused by the fierce competitions in Hong Kong and China markets, and the rising operating costs. In addition, the demand of recycled computers continued to shrink as the price difference between new and recycled computers was reducing.

The trading business of bags and accessories recorded a turnover and operating loss of approximately HK\$2,956,000 and approximately HK\$79,000 respectively for the twelve months ended 31 March 2009, where the turnover shows a substantial decrease compared with the corresponding period last year. The decrease in turnover and the sustained operating loss in this sector were mainly due to the adverse market condition as a result of market slowdown and keen competitions in the global market and drastic increase in operating costs.

## PROSPECTS

Despite of a decline in property prices and transactions since the financial crisis, the outlook on Hong Kong property market remains optimistic because of the close links with the fast-growing Mainland economy and other emerging Asian economics and the continuous limited supply of land in urban districts of Hong Kong. The tightening of government regulations on building height restriction and the excessive costs on maintenance of the aged building have created burden on owners of the aged properties but benefited the Group as a whole. Those changes, together with the lower property prices, would lower the cost of property assembly and speed up the process of property redevelopments.



In the short run, the poor market sentiment as a result of financial crisis has inevitably affect the Group's core business of property brokerage and assembly. The tightening of credit market causes developers to act with more prudence since they are more difficult in getting finance for their development project. The progress of most property development projects has also been delayed. The performance of the Group in the near term has been affected to a certain extent. However, the Group remains optimistic in property brokerage and assembly business in the long run because of the limited supply of land in urban districts and the favourable political environment in Hong Kong. The Group will take this opportunity to search for new potential property assembly projects for the future.

The trading businesses of bags and accessories and recycled computers are expected to suffer more during the economy downturn due to the adverse market conditions and keen market competitions in both retail and wholesale markets. Turnover and profitability of both businesses have been decreased significantly over the past year. In order to minimise the loss, the Group has restrained from making further investments and has tightened control over the cash flow for both businesses. The Group would also consider discontinuing the businesses if the operating loss continues in the forthcoming future.

## **CONNECTED TRANSACTION**

Pursuant to the Acquisition Agreement, both Richfield (Holdings) Limited, as the vendor of the Acquisition, and Mr. Au Wing Wah, as the guarantor of the Acquisition were guaranteed that the audited net profit before payment of the bonus payable to the management of Richfield Realty and after tax and any extraordinary or exceptional items of Richfield Realty for the year ended 28 May 2008 (the "Guaranteed Period") should not be less than HK\$150,000,000 (the "Guaranteed Profit").

However, according to the audited financial statements of Richfield Realty, the Guaranteed Profit was not met as a result of the unforeseeable economic environment. Having considered the prospects of the business of the property assembly and brokerage and the potential of Richfield Realty, the Settlement Agreement was entered into on 12 June 2008 which, among the other things, was proposed to extend the time for fulfillment of an agreed guaranteed profit of approximately HK\$345,949,000.

On 18 July 2008, the Company subsequently announced that the financial year end of the Company has been changed from 31 March to 30 June commencing from the financial year of 2008/2009. Having considered the change of financial year end date of the Company, the vendor and Mr. Au entered into the Supplemental Agreement in respect of the amendments of certain terms of the Settlement Agreement on 17 July 2008.

At the EGM held on 25 August 2008, the resolution in respect of the approval of the Settlement Agreement and the transactions contemplated thereunder was duly passed as ordinary resolution by poll, which was demanded by the Chairman of the meeting for voting.

Save as disclosed above, there were no significant connected party transactions entered into by the Group for the twelve months ended 31 March 2009.

## SHARE OPTIONS

During the twelve months ended 31 March 2009, no share option was granted, exercised or lapsed under the share option scheme adopted on 21 May 2002.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2009, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) 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 as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by directors as referred to in Rules 5.46 of the GEM Listing Rules, were as follows:

Director	Number of Shares		Total	Approximate percentage of shareholding
	Personal interest	Corporate interest		
Mr. Pong Wai San, Wilson ("Mr. Pong")	352,176,000	936,794,000 (Note)	1,288,970,000	44.01%

Note: These shares are beneficially owned by Virtue Partner Group Limited, a company wholly owned by Mr. Pong.

All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed above, as at 31 March 2009, none of the directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) 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 which were required to be recorded in the register kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 of the GEM Listing Rules.

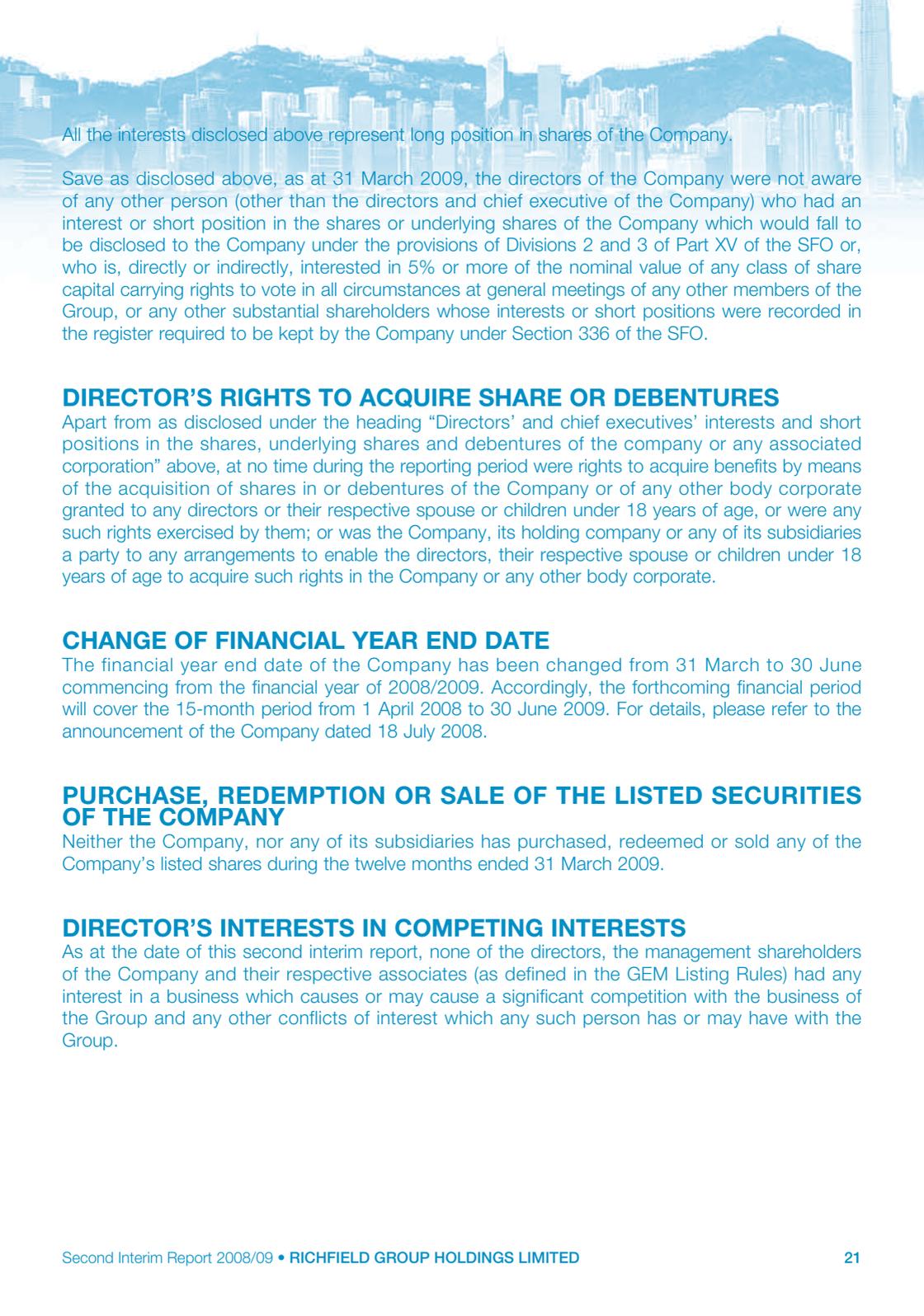
## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 March 2009, other than the interests of certain directors and chief executive of the Company as disclosed under the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the company or any associated corporation" above, the interests or short positions of person in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity in which shares are held	Number of issued shares	Percentage of the issued share capital
Ms. Tung Ching Yee, Helena (Note 1)	Family interest	1,288,970,000	44.01%
Virtue Partner Group Limited (Note 2)	Beneficial owner	936,794,000	31.99%
Richfield (Holdings) Limited (Note 3)	Beneficial owner	760,000,000	25.95%
Mr. Au Wing Wah ("Mr. Au") (Note 3)	Interest in controlled corporation	760,000,000	25.95%
Ms. Kong Pik Fan (Note 4)	Family interest	760,000,000	25.95%
Vastwood Limited (Note 3)	Beneficial owner	760,000,000	25.95%
Richfield Group Holdings Limited (Note 3)	Interest in controlled corporation	760,000,000	25.95%

Notes:

- Ms. Tung Ching Yee, Helena is the wife of Mr. Pong and accordingly deemed to be interested in the shares beneficially owned by Mr. Pong in his own capacity and through his controlled corporation, Virtue Partner Group Limited, under SFO.
- These shares are beneficially owned by Virtue Partner Group Limited, a company wholly owned by Mr. Pong.
- These shares are beneficially owned by Richfield (Holdings) Limited, a company wholly owned by Mr. Au, and therefore Mr. Au deemed to be interested in the shares owned by Richfield (Holdings) Limited, under SFO. On 12 June 2008, Richfield (Holdings) Limited as a chargor has executed a share charge in favour of Vastwood Limited, a wholly-owned subsidiary of Richfield Group Holdings Limited, as a chargee in respect of the fixed charge over these 760,000,000 shares. Therefore, Richfield Group Holdings Limited deemed to be interested in the shares owned by Vastwood Limited under SFO.
- Ms. Kong Pik Fan is the wife of Mr. Au and accordingly deemed to be interested in the shares beneficially owned by Mr. Au in his own capacity and through his controlled corporation, Richfield (Holdings) Limited, under SFO.



All the interests disclosed above represent long position in shares of the Company.

Save as disclosed above, as at 31 March 2009, the directors of the Company were not aware of any other person (other than the directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **DIRECTOR'S RIGHTS TO ACQUIRE SHARE OR DEBENTURES**

Apart from as disclosed under the heading "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the company or any associated corporation" above, at no time during the reporting period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

## **CHANGE OF FINANCIAL YEAR END DATE**

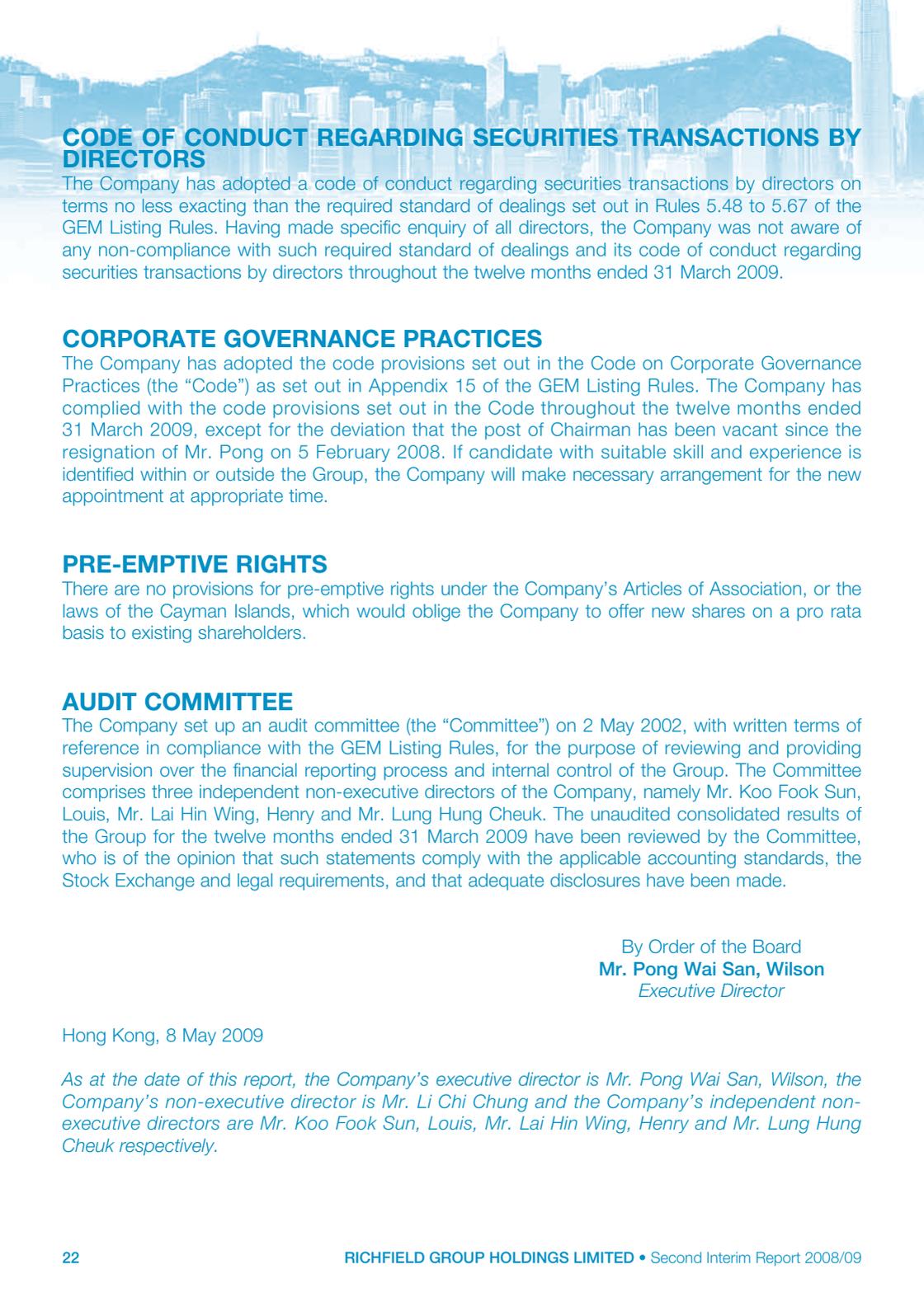
The financial year end date of the Company has been changed from 31 March to 30 June commencing from the financial year of 2008/2009. Accordingly, the forthcoming financial period will cover the 15-month period from 1 April 2008 to 30 June 2009. For details, please refer to the announcement of the Company dated 18 July 2008.

## **PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed shares during the twelve months ended 31 March 2009.

## **DIRECTOR'S INTERESTS IN COMPETING INTERESTS**

As at the date of this second interim report, none of the directors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.



## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by directors throughout the twelve months ended 31 March 2009.

## CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 15 of the GEM Listing Rules. The Company has complied with the code provisions set out in the Code throughout the twelve months ended 31 March 2009, except for the deviation that the post of Chairman has been vacant since the resignation of Mr. Pong on 5 February 2008. If candidate with suitable skill and experience is identified within or outside the Group, the Company will make necessary arrangement for the new appointment at appropriate time.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company’s Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## AUDIT COMMITTEE

The Company set up an audit committee (the “Committee”) on 2 May 2002, with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive directors of the Company, namely Mr. Koo Fook Sun, Louis, Mr. Lai Hin Wing, Henry and Mr. Lung Hung Cheuk. The unaudited consolidated results of the Group for the twelve months ended 31 March 2009 have been reviewed by the Committee, who is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

By Order of the Board  
**Mr. Pong Wai San, Wilson**  
*Executive Director*

Hong Kong, 8 May 2009

*As at the date of this report, the Company’s executive director is Mr. Pong Wai San, Wilson, the Company’s non-executive director is Mr. Li Chi Chung and the Company’s independent non-executive directors are Mr. Koo Fook Sun, Louis, Mr. Lai Hin Wing, Henry and Mr. Lung Hung Cheuk respectively.*