



**RICHFIELD GROUP HOLDINGS LIMITED**  
**田 生 集 團 有 限 公 司\***  
*(incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8136)**

**FINAL RESULTS ANNOUNCEMENT  
FOR THE 15 MONTHS ENDED 30 JUNE 2009**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors (“Directors”) of Richfield Group Holdings Limited (the “Company”) 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 for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

\* For identification purposes only

## FINAL RESULTS

The board of directors (the "Board") of Richfield Group Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the 15 months ended 30 June 2009, together with the comparative figures for the year ended 31 March 2008 as follows:

### CONSOLIDATED INCOME STATEMENT

*For the period from 1 April 2008 to 30 June 2009*

	Notes	Period from 1 April 2008 to 30 June 2009 HK\$'000	Year ended 31 March 2008 HK\$'000
Revenue	4	<b>118,399</b>	143,155
Cost of sales		<b>(64,498)</b>	(88,046)
<b>Gross profit</b>		<b>53,901</b>	55,109
Other income	4	<b>5,104</b>	6,812
Selling and distribution expenses		<b>(3,529)</b>	(10,102)
Administrative expenses		<b>(20,869)</b>	(15,079)
Operating profit	5	<b>34,607</b>	36,740
Finance costs	6	<b>–</b>	(2,587)
<b>Profit before income tax</b>		<b>34,607</b>	34,153
Income tax expense	7	<b>(10,980)</b>	(6,496)
<b>Profit attributable to equity holders of the Company</b>		<b>23,627</b>	27,657
<b>Dividends</b>	8	<b>10,718</b>	20,997
<b>Earnings per share for profit attributable to equity holders of the Company</b>			
Basic	9	<b>HK 0.81 cent</b>	HK 1.06 cents
Diluted	9	<b>N/A</b>	N/A

## CONSOLIDATED BALANCE SHEET

As at 30 June 2009

	Notes	30 June 2009 HK\$'000	31 March 2008 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,457	791
Goodwill	10	474,000	156,200
Available-for-sale financial assets		28,612	–
Rental and sundry deposits		205	161
Long term trade receivables	13	730	673
		<b>505,004</b>	157,825
<b>Current assets</b>			
Amount due from a shareholder	11	–	317,800
Properties held for trading	12	40,973	42,917
Trade receivables	13	4,466	39,386
Prepayments, deposits and other receivables		2,875	3,138
Financial assets at fair value through profit or loss		3,002	3,518
Cash and cash equivalents		247,131	245,107
		<b>298,447</b>	651,866
<b>Current liabilities</b>			
Trade payables	14	1,994	16,390
Accrued expenses and other payables		1,859	2,569
Taxes payable		11,721	8,929
		<b>15,574</b>	27,888
<b>Net current assets</b>		<b>282,873</b>	623,978
<b>Net assets</b>		<b>787,877</b>	781,803
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	15	29,285	29,285
Reserves		758,592	752,518
<b>Total equity</b>		<b>787,877</b>	781,803

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 April 2008 to 30 June 2009

	Equity attributable to equity holders of the Company					Total HK\$'000
	Share capital HK\$'000	Share premium account* HK\$'000	Revaluation reserve* HK\$'000	Convertible bond equity reserve* HK\$'000	(Accumulated losses)/ Retained profits* HK\$'000	
At 1 April 2007	18,000	39,632	–	–	(22,908)	34,724
Profit for the year	–	–	–	–	27,657	27,657
Total recognised income and expense for the year	–	–	–	–	27,657	27,657
Issue of new shares	3,685	265,320	–	–	–	269,005
Issuing cost	–	(8,170)	–	–	–	(8,170)
Equity component of convertible bonds	–	–	–	149,101	–	149,101
Issue of shares upon conversion of convertible bonds	7,600	450,987	–	(149,101)	–	309,486
At 31 March 2008 and 1 April 2008	<b>29,285</b>	<b>747,769</b>	–	–	<b>4,749</b>	<b>781,803</b>
Fair value gain on available-for-sale financial assets and net income recognised directly in equity	–	–	<b>3,444</b>	–	–	<b>3,444</b>
Profit for the period	–	–	–	–	<b>23,627</b>	<b>23,627</b>
Total recognised income and expense for the period	–	–	<b>3,444</b>	–	<b>23,627</b>	<b>27,071</b>
Dividends paid (note 8)	–	<b>(20,997)</b>	–	–	–	<b>(20,997)</b>
At 30 June 2009	<b>29,285</b>	<b>726,772</b>	<b>3,444</b>	–	<b>28,376</b>	<b>787,877</b>

\* These reserve accounts comprise the consolidated reserves of HK\$758,592,000 (31 March 2008: HK\$752,518,000) in the consolidated balance sheet.

## **NOTES TO THE FINANCIAL STATEMENTS**

*For the period from 1 April 2008 to 30 June 2009*

### **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").

Pursuant to a resolution passed on 26 July 2007 at an annual general meeting, the Company's name was changed from Maxitech International Holdings Limited to Richfield Group Holdings Limited.

Since, in May 2007, the completion of the acquisition (the "Acquisition") of the entire equity interests in Richfield Realty Limited ("Richfield Realty"), the Group is principally engaged in the provision of property brokerage services, provision of schemes for property consolidation, assembly and redevelopment and property trading in Hong Kong (the "Property Assembly and Brokerage Business"). During the period, the Group is also engaged in the trading of recycled computers and the trading of bags and accessories. There have been no significant changes in the Group's business during the period.

Pursuant to a resolution passed by the board of directors on 17 July 2008, the Company's financial year end was changed from 31 March to 30 June each year. Accordingly, the financial statements for the current period cover the fifteen months ended 30 June 2009 whilst the corresponding comparative amounts shown on the consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity and related notes cover the twelve-month period from 1 April 2007 to 31 March 2008. The comparative information may not be comparable with amounts shown for the current period.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations ("Int") 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 GEM of the Stock Exchange.

### **2. ADOPTION OF NEW OR AMENDED HKFRSs**

In the current period, the Group has applied for the first time the new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, in which HKAS 39 & HKFRS 7 (Amendments) – Reclassification of Financial Assets is relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2008. It had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

At the date of authorisation of these financial statements, the following new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

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 28	Investments in Associates – Consequential Amendments Arising from Amendments to HKFRS 3 <sup>2</sup>
HKAS 31	Interests in Joint Ventures – Consequential Amendments Arising from Amendments to HKFRS 3 <sup>2</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>2</sup>
HKAS 39 (Amendment)	Embedded Derivatives <sup>5</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 <sup>1</sup>
HKFRS 1 (Amendments)	First-time adoption of HKFRSs – Additional Exemptions for First-time Adopters <sup>9</sup>
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 2 (Amendment)	Share-based Payment – Group Cash-settled Share-based Payment Transactions <sup>9</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>7</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>8</sup>
Amendment to HKAS 32, HKAS 39 and HKFRS 7	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
Various – Annual Improvements to HKFRS 2008 <sup>5</sup>	
Various – Annual Improvements to HKFRS 2009 <sup>6</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 beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate

<sup>7</sup> Effective for annual periods ending on or after 30 June 2009

<sup>8</sup> Effective for transfer of assets from customers received on or after 1 July 2009

<sup>9</sup> Effective for annual periods beginning on or after 1 January 2010

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.

Amongst these new standards and interpretations, HKAS 1 (Revised) Presentation of Financial Statements is expected to materially change the presentation of the Group's financial statements. These amendments affect the presentation of owner changes in equity and introduce a statement of comprehensive income. The Group will have the option of presenting items of income and expenses and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The amendments do not affect the financial position or results of the Group but will give rise to additional disclosures.

The directors of the Company are currently assessing the impact of other new and amended HKFRSs upon initial application. So far, the directors of the Company have preliminarily concluded that the initial application of these HKFRSs is unlikely to have a significant impact on the Group's results and financial position.

### **3. SEGMENT INFORMATION**

#### **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. Summary details of the business segments are 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; and
- (c) Trading of recycled computers segment (the "Recycled Computer Business").

	Property Assembly and Brokerage Business		Trading of bags and accessories		Recycled Computer Business		Total	
	Period from 1 April 2008 to 30 June 2009 HK\$'000	Year ended 31 March 2008 HK\$'000	Period from 1 April 2008 to 30 June 2009 HK\$'000	Year ended 31 March 2008 HK\$'000	Period from 1 April 2008 to 30 June 2009 HK\$'000	Year ended 31 March 2008 HK\$'000	Period from 1 April 2008 to 30 June 2009 HK\$'000	Year ended 31 March 2008 HK\$'000 (Restated)
Segment revenue:								
Sales to or commission from external customers	<b>95,222</b>	80,687	<b>2,956</b>	31,406	<b>20,221</b>	31,062	<b>118,399</b>	143,155
Segment results	<b>40,222</b>	36,340	<b>(79)</b>	124	<b>(3,631)</b>	(2,928)	<b>36,512</b>	33,536
Unallocated revenue							<b>4,738</b>	6,119
Unallocated costs							<b>(6,643)</b>	(2,915)
Operating profit							<b>34,607</b>	36,740
Finance costs							<b>-</b>	(2,587)
Profit before income tax							<b>34,607</b>	34,153
Income tax expense							<b>(10,980)</b>	(6,496)
Profit for the period/year							<b>23,627</b>	27,657
	<b>30 June 2009 HK\$'000</b>	31 March 2008 HK\$'000	<b>30 June 2009 HK\$'000</b>	31 March 2008 HK\$'000	<b>30 June 2009 HK\$'000</b>	31 March 2008 HK\$'000	<b>30 June 2009 HK\$'000</b>	31 March 2008 HK\$'000 (Restated)
<b>Assets</b>								
Segment assets	<b>575,303</b>	557,023	<b>2</b>	157	<b>1,768</b>	3,872	<b>577,073</b>	561,052
Unallocated assets							<b>226,378</b>	248,639
Total assets							<b>803,451</b>	809,691
<b>Liabilities</b>								
Segment liabilities	<b>3,020</b>	17,898	<b>463</b>	618	<b>270</b>	170	<b>3,753</b>	18,686
Unallocated liabilities							<b>11,821</b>	9,202
Total liabilities							<b>15,574</b>	27,888

As at 30 June 2009, the corporate segment, which represented investment holding, was no longer reported as an independent segment as it was below all of the thresholds of significance. It was included as an unallocated reconciling item. The figures for the previous year have been adjusted accordingly. In the previous year, no sale to external customers, segment results of HK\$367,000 and segment assets of HK\$3,518,000 were reported.

	Property Assembly and Brokerage Business		Trading of bags and accessories		Recycled Computer Business		Total	
	Period from 1 April 2008 to 30 June 2009 HK\$'000	Year ended 31 March 2008 HK\$'000						
<b>Other segment information:</b>								
Depreciation	708	172	-	210	27	29	735	411
Unallocated							-	-
							735	411
Capital expenditure	1,430	881	-	147	2	55	1,432	1,083
Unallocated							-	-
							1,432	1,083
Impairment loss on goodwill	-	-	-	-	-	3,555	-	3,555

### 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.

Segment revenue by geographical markets:

	Period from 1 April 2008 to 30 June 2009 HK\$'000	Year ended 31 March 2008 HK\$'000
Hong Kong	118,399	137,304
Peoples' Republic of China ("PRC") (Not including Hong Kong)	-	3,317
Taiwan	-	785
Singapore	-	845
Others	-	904
	118,399	143,155

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located.

	Segment assets		Capital expenditure	
	30 June 2009 HK\$'000	31 March 2008 HK\$'000 (Restated)	30 June 2009 HK\$'000	31 March 2008 HK\$'000
Hong Kong	577,073	561,052	1,432	1,083
Unallocated	226,378	248,639	-	-
	<b>803,451</b>	809,691	<b>1,432</b>	1,083

#### 4. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, 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 and other income recognised during the period/year are as follows:

	Period from 1 April 2008 to 30 June 2009 HK\$'000	Year ended 31 March 2008 HK\$'000
<b>Revenue</b>		
Commission income	53,320	59,673
Sales of properties	41,902	21,014
Sales of goods	23,177	62,468
	<b>118,399</b>	143,155
<b>Other income</b>		
Interest income	4,273	6,020
Dividend income	465	-
Management income	-	250
Exchange gain, net	-	99
Sundry income	366	443
	<b>5,104</b>	6,812
	<b>123,503</b>	149,967

## 5. OPERATING PROFIT

	<b>Period from 1 April 2008 to 30 June 2009 HK\$'000</b>	Year ended 31 March 2008 HK\$'000
Operating profit is arrived at after charging the following:		
Auditors' remuneration	456	380
Cost of inventories recognised as expense	38,235	59,777
Contingent rents	–	563
Depreciation	735	411
Directors' remuneration	150	150
Exchange loss, net	29	–
Net fair value loss on financial assets at fair value through profit or loss	3,673	367
Impairment loss on goodwill	–	3,555
Loss on disposals of property, plant and equipment	25	12
Loss on disposals of subsidiaries	–	37
Minimum lease payments under operating lease rentals for land and buildings	2,010	6,218

## 6. FINANCE COSTS

	<b>Period from 1 April 2008 to 30 June 2009 HK\$'000</b>	Year ended 31 March 2008 HK\$'000
Effective interest expense on convertible bonds	–	2,587

## 7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (Year ended 31 March 2008: 17.5%) on the estimated assessable profits arising in Hong Kong for the period/year.

(a) The amount of income tax in the consolidated income statement represents:

	<b>Period from 1 April 2008 to 30 June 2009 HK\$'000</b>	Year ended 31 March 2008 HK\$'000
Hong Kong		
Current tax for the period/year	11,662	6,469
(Over)/Under-provision in respect of prior years	(682)	27
Total income tax expense	10,980	6,496

## 8. DIVIDENDS

	<b>Period from 1 April 2008 to 30 June 2009 HK\$'000</b>	Year ended 31 March 2008 HK\$'000
Final dividend proposed after the balance sheet date of HK 0.366 cent per ordinary share (Year ended 31 March 2008: HK 0.717 cent)	<b>10,718</b>	20,997

The final dividends proposed after the balance sheet date have not been recognised as a liability at the balance sheet date.

## 9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK\$23,627,000 (Year ended 31 March 2008: HK\$27,657,000) and the weighted average of 2,928,500,000 (Year ended 31 March 2008: 2,605,781,421) ordinary shares in issue during the period.

Diluted earnings per share for the period from 1 April 2008 to 30 June 2009 was not presented because there is no potential ordinary share in existence during the period. Diluted earnings per share for the year ended 31 March 2008 was not presented as the impact of the exercise of convertible bonds was anti-dilutive.

## 10. GOODWILL

Goodwill in 2009 and 2008 arose from the acquisitions of Richfield Realty and Maxitech System in previous years. The net carrying amount of goodwill can be analysed as follows:

	<b>30 June 2009 HK\$'000</b>	31 March 2008 HK\$'000
Net carrying amount at 1 April	<b>156,200</b>	3,555
Arising from acquisition of Richfield Realty	–	156,200
Adjustment on the purchase consideration of Richfield Realty pursuant to settlement agreements	<b>317,800</b>	–
Impairment loss on Maxitech System within 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

## 11. AMOUNT DUE FROM A SHAREHOLDER

The balance as at 31 March 2008 arose from the shortfall of the estimated results of a subsidiary over its guaranteed results and was unsecured, interest free and repayable on demand. During the period, pursuant to approval of the independent shareholders at the extraordinary general meeting, the balance was transferred to the purchase consideration on the acquisition of Richfield Realty, details of which are set out in the Company's announcement dated 13 June 2008.

## 12. PROPERTIES HELD FOR TRADING

The analysis of carrying amount of properties held for sale is as follows:

	<b>30 June 2009</b>	31 March 2008
	<b>HK\$'000</b>	HK\$'000
In Hong Kong		
– 10 to 50 years (medium leases)	<b>18,948</b>	18,508
– 50 years or more (long leases)	<b>22,025</b>	24,409
	<b>40,973</b>	42,917

## 13. TRADE RECEIVABLES

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

	<b>30 June 2009</b>	31 March 2008
	<b>HK\$'000</b>	HK\$'000
Within 90 days	<b>5,196</b>	39,108
91 to 180 days	–	278
181 to 365 days	–	673
	<b>5,196</b>	40,059

For the trading of bags and accessories and the Recycled Computer Business, the Group's trading terms with its customers are mainly on credit, which generally have credit periods of up to 90 days (Year ended 31 March 2008: 90 days) and do not bear any interest.

For the Property Assembly and Brokerage Business, the Group generally allows a credit period from 1 month to 3 years (Year ended 31 March 2008: 1 month to 3 years) to its trade customers, in accordance with the terms of the mutual agreements after individual negotiations.

#### 14. TRADE PAYABLES

The Group was granted by its suppliers' credit periods ranging from 30 days to 90 days (Year ended 31 March 2008: 30 days to 90 days). Based on the invoices dates, ageing analysis of trade payables is as follows:

	<b>30 June 2009</b>	31 March 2008
	<b>HK\$'000</b>	HK\$'000
Within 90 days	–	15,317
91 to 180 days	–	600
Over 1 year but less than 2 years	<b>1,994</b>	473
	<b>1,994</b>	16,390

#### 15. SHARE CAPITAL

	<b>30 June 2009</b>		31 March 2008	
	<b>Number of shares '000</b>	<b>HK\$'000</b>	Number of shares '000	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	<b>10,000,000</b>	<b>100,000</b>	10,000,000	100,000
	<b>Number of shares '000</b>	<b>Ordinary shares HK\$'000</b>	Number of shares '000	Ordinary shares HK\$'000
Issued and fully paid:				
At the beginning of the period/year	<b>2,928,500</b>	<b>29,285</b>	1,800,000	18,000
Conversion of convertible bonds (note i)	–	–	760,000	7,600
Issue of new shares (note ii)	–	–	368,500	3,685
At the end of the period/year	<b>2,928,500</b>	<b>29,285</b>	2,928,500	29,285

Notes:

- (i) On 30 May 2007 and 15 August 2007, convertible bonds with principal amounts of HK\$255,000,000 and HK\$201,000,000 respectively were converted into 760,000,000 shares of the Company at the price of HK\$0.60 per share.
- (ii) On 26 July 2007, the Company entered into a subscription agreement with Virtue Partner Group Limited where the Company allotted and issued 368,500,000 shares at HK\$0.73 per share.

## 16. MATERIAL RELATED PARTY TRANSACTIONS

The following transactions were carried out with the related party:

	<b>Period from 1 April 2008 to 30 June 2009 HK\$'000</b>	Year ended 31 March 2008 HK\$'000
Rental expenses paid to a related company owned by one of the key management personal of the Group	<b>1,181</b>	722
Professional fees paid to a related company in which one director of the Company is a partner	<b>503</b>	192
	<b>1,684</b>	914

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

### Key management personnel compensation

	<b>Period from 1 April 2008 to 30 June 2009 HK\$'000</b>	Year ended 31 March 2008 HK\$'000
Short-term employee benefits	<b>2,150</b>	150

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **GENERAL**

Richfield Group Holdings Limited (the "Company") and its subsidiaries (collectively, 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, the trading of recycled computers and the trading of bags and accessories.

The Group is currently engaged in property assembly schemes for approximately 130 redevelopment projects in Hong Kong. Those projects engaged are all residential and commercial properties which are located on Hong Kong Island and Kowloon side.

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

### **FINANCIAL PERFORMANCE**

The Company changed its financial year end from 31 March to 30 June. Consequently, reporting period for this fiscal year covers 15 months from 1 April 2008 to 30 June 2009 (the "Period") and all percentages are comparing a fifteen-month period to a twelve-month period.

During the Period, the Group recorded a turnover of approximately HK\$118,399,000, representing a decrease of approximately 17.3% compared with the previous fiscal year of approximately HK\$143,155,000. The fall in turnover was mainly due to the decrease in the turnover from trading of recycled computers and trading of bags and accessories. In respect of the business of property assembly and brokerage, it contributes approximately HK\$95,222,000 to the turnover of the Group for the Period and this represents an increase of approximately 18% compared with the previous year of approximately HK\$80,687,000.

Profit before income tax of the Group for the Period was approximately HK\$34,607,000, representing an increase of approximately 1.33% when compared with the previous year of approximately HK\$34,153,000. Despite the additional 3 months included in the Period as compared with 12 months last year and the mild improvement in the property assembly and brokerage business since the beginning of year 2009, the profit attributable to equity holders for the Period was decreased to HK\$23,627,000 compared with the previous year of approximately HK\$27,657,000 as a result of the financial crisis in 2008.

### **BUSINESS OVERVIEW**

The business environment of Hong Kong during the Period has been adversely affected by the drastic downturn of global economy in 2008. The poor market sentiment led to suspension of several property assembly projects. In adapting to the drastic changes and the poor market sentiment, the Group has already shifted its business strategy of property assembly and brokerage business since 2007 by diversifying its sourcing areas from the Mid-Levels property market to those where prevailing prices are less inflated such as Western District, Ho Man Tin and Sham Shui Po, etc. As a result of the change, the operating profit of the Group was maintained steady for the Period, with a slight decrease to approximately HK\$34,607,000, while the operating profit for the previous year was approximately HK\$36,740,000.

The poor market sentiment and the tightening of credit market causes developers to act with prudence during the Period for their development projects. The progress of most major property assembly projects, such as Central Mansion in Causeway Bay, Western Court in Western District and other major projects in the Mid-Levels Central, Mid-Levels West, Sham Shui Po, Tai Kok Tsui, Western District, etc., has been delayed, so that the result of the Group for the Period was lagging behind the expectation of the directors of the Company ("Directors"). During the Period, the Group has completed 8 major assembly projects only, which are mainly located in densely populated location on Hong Kong Island and Kowloon side, including Causeway Bay, Western District, Sham Shui Po, etc. with the total contract sum and the total gross profit of approximately HK\$542,800,000 and HK\$57,900,000, respectively.

As at 30 June 2009, the Group had approximately 130 property assembly projects in progress with total site areas of approximately 1,300,000 square feet. Among these projects in progress, there were approximately 90 projects located on Hong Kong Island, mainly in Mid-Levels, Sheung Wan, Causeway Bay, Western District, Shau Kei Wan, Quarry Bay, Aberdeen, etc.. There were approximately 40 projects located in Kowloon side, mainly in Mongkok, Sham Shui Po, Tai Kok Tsui, Ho Man Tin, Kwun Tong, To Kwa Wan, Kowloon City, etc.. To commensurate with the increase in number of property assembly projects, the Group has expanded its property assembly teams from approximately 70 to 90 staff. The Group believes that a high quality real estate agency team is a key to the success of property assembly business. As a result, all agents recruited by the Group have a minimum working experience of 4 years.

The trading business of recycled computers contributed approximately HK\$20,221,000 to the Group's turnover, representing approximately 17.1% of the Group's turnover for the Period. It recorded a segment loss of approximately HK\$3,631,000 for the Period. The fall in turnover and the segment loss for the Period were mainly caused by fierce competition, shrinking of market of recycled computers in Hong Kong and China and rising operating costs.

The trading business of bags and accessories recorded a turnover and segment loss of approximately HK\$2,956,000 and approximately HK\$79,000 respectively, which are much worse compared with the previous year. The tumble in turnover and the segment loss were mainly due to keen competition in consumer goods and drastic increase in operating costs over the past two years.

## **PROSPECTS**

Despite the finance turmoil in 2008, the Hong Kong property market rebounded gradually since the first quarter of year 2009 due to the improvement of market sentiment and low interest rate environment. It would foster a favorable business environment to the Group. With the prospering property market, it is expected that the property developers will be more aggressive in building up their land reserve to cater for future demand. In view of the limited supply of land in Hong Kong, property assembly for redevelopment purpose would be one of the major sources of land supply to the developers. The demand for the Group's high-quality property assembly projects, especially in urban district, will inevitably be increased.

After experiencing drastic changes in economic environment and property market from year 2007 to year 2009, most of the owners of our target properties are becoming more realistic and reasonable in determining their property sales price. This can also facilitate and speed up the conclusion of the property assembly projects.

At present, there are about 40,000 buildings which are 40 years' old or above. Among which 8% are over 50 years' old. In the 60's, Hong Kong experienced rapid population and economic growth, which triggered a building boom and massive urban expansion. Due to premature construction technology and without constant maintenance, buildings rapidly deteriorate and decline into slums. The problem of ageing and decaying buildings is most serious in older urban areas, and these areas include Sham Shui Po, Kwun Tong, Mongkok, Western District, Sau Kei Wan, Aberdeen, etc. In view of this, the government policies are expected to be more favourable to redevelopment. The government proposes in a second push to lower the sales threshold needed to 80% from the present 90% (1) for all buildings aged 50 or above and (2) for those industrial buildings aged 30 years or above located in non-industrial zones to trigger compulsory acquisitions of all units in redevelopment project. Such proposed changes would greatly facilitate private sector participation in urban renewal, thus provide more opportunities to the Group in acquiring full ownership of target properties.

Notwithstanding the global economy recession, Hong Kong economic outlook remains optimistic in the forthcoming years because of the close links with the fast-growing mainland economy and the limited supply of land in urban districts in Hong Kong. The Group remains optimistic in property assembly and brokerage business. Looking to the future, the Group is dedicated to develop strategically in the property assembly and brokerage business by adapting to ever-changing business environment, leveraging its extensive experiences in property assembly and actively seeking opportunities for premium property assembly projects so as to drive the growth of the Group.

In respect of the trading businesses of bags and accessories and recycled computers, profit margin and turnover are expected to be tumbled in the forthcoming future due to keen competition and surge of operating costs. Since both businesses are not the core businesses of the Group, the Group has decided to suspend these businesses from September 2009 and has directed the resources to development of the business of property assembly and brokerage. If the adverse market condition sustains, the Group would consider to terminate both businesses.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Period, the Group financed its operations with its own working capital.

As at 30 June 2009, the Group had net current assets of approximately HK\$282,873,000 (As at 31 March 2008: approximately HK\$623,978,000) including bank and cash balances of approximately HK\$247,131,000 (As at 31 March 2008: approximately HK\$245,107,000).

As at 30 June 2009, the Group had no other secured loan (As at 31 March 2008: Nil).

As at 30 June 2009, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was Nil (As at 31 March 2008: Nil). The Group has no bank borrowing.

There is no material change in capital structure of the Company during the Period.

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

As at 30 June 2009 and 31 March 2008, there were no significant investment held, material acquisitions or disposals of subsidiaries and affiliated companies during the Period and there is no plan for material investments or capital assets as at the date of this announcement.

## CONTINGENT LIABILITIES

As at 30 June 2009, the Group had no material contingent liabilities (As at 31 March 2008: Nil).

## LEASE AND CONTRACTED COMMITMENTS

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

At 30 June 2009, the total future minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

	<b>30 June 2009</b>	31 March 2008
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>1,190</b>	719
In the second to fifth years	<b>273</b>	161
	<b>1,463</b>	880

## CAPITAL COMMITMENTS

	Group		Company	
	30 June 2009	31 March 2008	30 June 2009	31 March 2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Contracted but not provided for:				
Leasehold land and buildings	22,994	–	–	–
Available-for-sale financial assets	10,418	–	10,418	–
	33,412	–	10,418	–

## FOREIGN EXCHANGE EXPOSURE

The Group's income and expenditure during the Period were denominated in United States dollars ("US\$"), HK dollars ("HK\$") and Renminbi ("RMB"), and most of the assets and liabilities as at 30 June 2009 were denominated in HK\$. Accordingly, the Board is of the view that, to a 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, 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.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2009, the Group had 105 (As at 31 March 2008: 101) employees, including directors of the Company. Total staff costs (including directors' emoluments) were approximately HK\$24,774,000 for the Period as compared to approximately HK\$12,871,000 in last year. 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.

## 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 financial statements for the current period cover 15 months ended from 1 April 2008 to 30 June 2009. For details, please refer to the announcement of the Company dated 18 July 2008.

## DIVIDENDS

The Board recommends the payment of a final dividend of HK0.366 cent per share for the Period to the shareholders amounting to HK\$10,718,000.

## **CLOSURE OF REGISTER OF MEMBERS**

The registers of the Company will be closed from Saturday, 24 October 2009 to Thursday, 29 October 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend for the 15 months ended 30 June 2009 and to attend the forthcoming annual general meeting, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrars in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 23 October 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 15 months ended 30 June 2009, except for the deviation disclosed in this announcement.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings regarding securities transactions throughout the Period.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

According to the code provision A.2.1 of the Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. During the Period, the roles of the chairman and chief executive officer were performed by Mr. Pong Wai San, Wilson until his resignation as the chairman of the Company on 5 February 2008 for the reason of improving the corporate governance of the Group. No replacement for the post of the chairman has been fixed yet. The Board will review the current structure from time to time. If candidate with suitable leadership, knowledge, skills and experience is identified within or outside the Group, the Company will make necessary arrangement for the new appointment at the appropriate time.

## **REMUNERATION COMMITTEE**

The remuneration committee of the Company (the "Remuneration Committee") was established with written terms of reference in compliance with the code provisions. The Remuneration Committee consists of four members, of which majority are independent non-executive Directors, namely Mr. Pong Wai San, Wilson, Mr. Koo Fook Sun, Louis, Mr. Lai Hin Wing, Henry and Mr. Lung Hung Cheuk. The chairman of the committee is Mr. Pong Wai San, Wilson.

The roles and functions of the Remuneration Committee include the determination of the specific remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive Directors.

## **NOMINATION COMMITTEE**

The nomination committee of the Company (the "Nomination Committee") was established on 12 November 2007 with written terms of reference in compliance with the code provisions. As at the date of this announcement, it consists of four members, of which majority are independent non-executive Directors, namely Mr. Pong Wai San, Wilson, Mr. Koo Fook Sun, Louis, Mr. Lai Hin Wing, Henry and Mr. Lung Hung Cheuk, and all were appointed on 12 November 2007. The chairman of the Nomination Committee is Mr. Lai Hin Wing, Henry.

The roles and functions of the Nomination Committee include nomination of the potential candidates for directorship, reviewing the nomination of the Directors and making recommendations to the Board for ensuring that all nominations are fair and transparent.

The Nomination Committee held 1 meeting during the period from 1 April 2008 to 30 June 2009 to review the structure, size and composition of the Board, assess the independence of independent non-executive Directors, and make recommendations to the Board relating to the renewal services of independent non-executive Directors.

### **AUDIT COMMITTEE**

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group and provide advice and comments on the Company's draft annual reports and accounts, half year reports and quarterly reports to Directors. The Audit Committee comprises three members, Mr. Koo Fook Sun, Louis, Mr. Lai Hin Wing, Henry and Mr. Lung Hung Cheuk, all of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Koo Fook Sun, Louis.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the 15 months ended 30 June 2009.

### **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 15 months ended 30 June 2009.

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

As at the date of this announcement, 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.

By order of the Board  
**Pong Wai San, Wilson**  
Executive Director

Hong Kong, 21 September 2009

*As at the date of this announcement, 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.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least 7 days from its date of posting and on the designated website of this Company at [ir.sinodelta.com.hk/richfieldgp/](http://ir.sinodelta.com.hk/richfieldgp/).*