

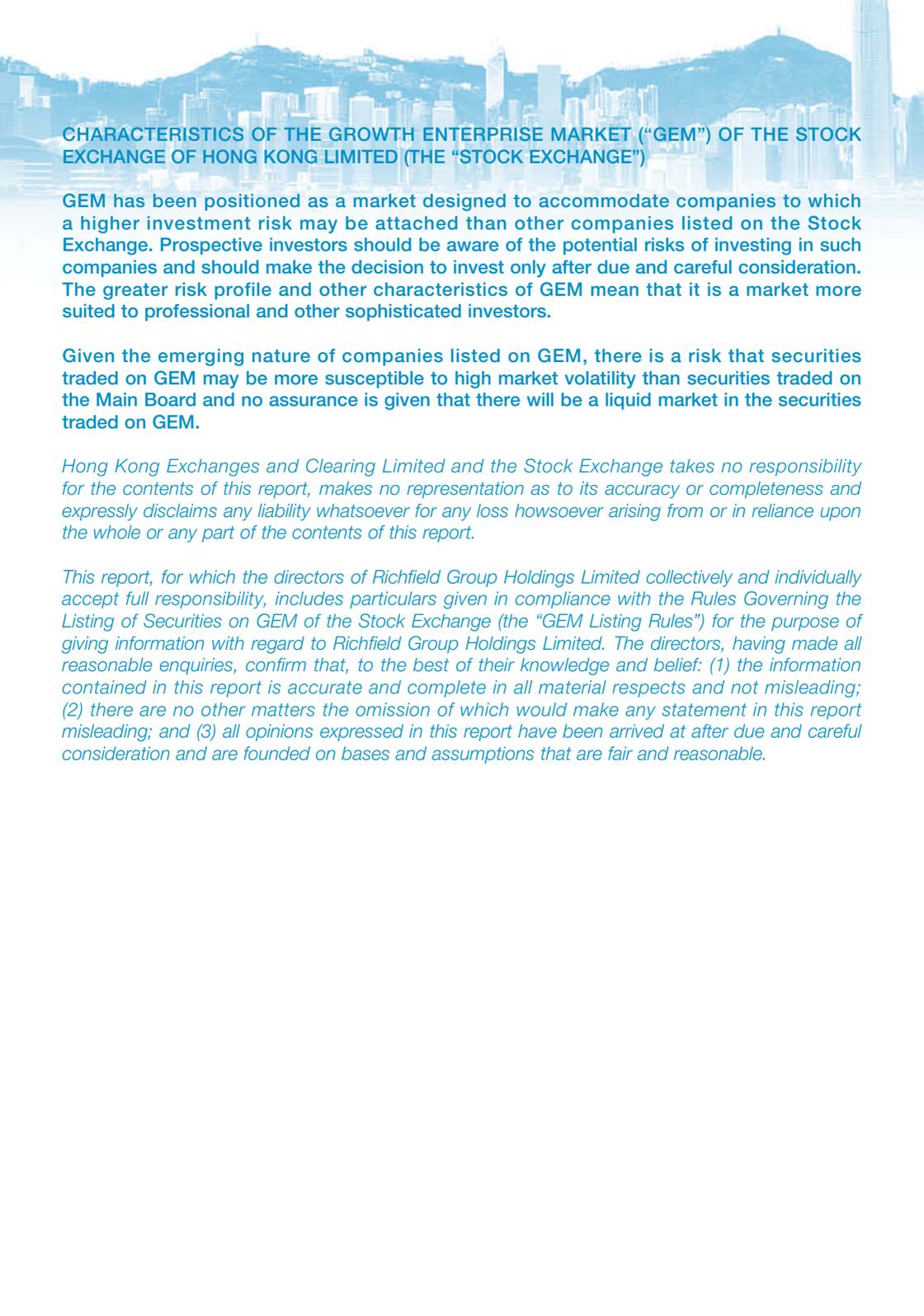


田 生 集 團 有 限 公 司*
RICHFIELD GROUP HOLDINGS LIMITED

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

2009/2010
Third Quarterly Report

* For identification purposes only



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

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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 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.

THIRD QUARTERLY 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 nine months ended 31 March 2010 together with the comparative unaudited figures for the corresponding periods in 2009 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and nine months ended 31 March 2010

	Notes	Nine months ended 31 March		Three months ended 31 March	
		2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Continuing operations					
REVENUE	3	183,145	44,502	52,604	4,854
Cost of sales		(72,084)	(27,269)	(21,023)	(7,295)
Gross profit/(loss)		111,061	17,233	31,581	(2,441)
Other income	3	1,238	2,883	407	956
Selling and distribution expenses		(3,394)	(2,337)	(1,921)	(1,016)
Administrative expenses		(21,538)	(17,870)	(3,253)	(7,576)
OPERATING PROFIT/(LOSS)		87,367	(91)	26,814	(10,077)
Finance costs		(5)	-	(4)	-
PROFIT/(LOSS) BEFORE INCOME TAX	4	87,362	(91)	26,810	(10,077)
Income tax expense	5	(15,100)	(1,673)	(4,500)	1,313
Profit/(loss) for the period from continuing operations		72,262	(1,764)	22,310	(8,764)
Discontinued operations					
Profit for the period from discontinued operations	6	788	-	-	-
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY		73,050	(1,764)	22,310	(8,764)
DIVIDENDS	7	-	-	-	-
EARNINGS/(LOSS) PER SHARE FOR PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY	8				
Basic					
- Continuing operations		HK2.47 cents	HK(0.06) cent	HK0.76 cent	HK(0.30) cent
- Discontinued operations		HK0.02 cent	-	-	-
Diluted		N/A	N/A	N/A	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 March 2010

	Nine months ended 31 March		Three months ended 31 March	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Profit/(loss) for the period	73,050	(1,764)	22,310	(8,764)
Other comprehensive income/ (expense)				
Net fair value gain/(loss) on available-for-sale financial assets	92,279	(7,221)	25,727	(5,320)
Total other comprehensive income/ (expense) for the period	92,279	(7,221)	25,727	(5,320)
Total comprehensive income/ (expense) attributable to: Owners of the Company	165,329	(8,985)	48,037	(14,084)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 March 2010

	Share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Revaluation reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 July 2008	29,285	747,769	–	12,699	789,753
Loss for the period	–	–	–	(1,764)	(1,764)
Other comprehensive expense: Net fair value loss on available-for-sale financial assets	–	–	(7,221)	–	(7,221)
Total comprehensive expense for the period	–	–	(7,221)	(1,764)	(8,985)
Dividend paid	–	(20,997)	–	–	(20,997)
Transactions with owners	–	(20,997)	–	–	(20,997)
At 31 March 2009	29,285	726,772	(7,221)	10,935	759,771

	Share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Revaluation reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 July 2009	29,285	726,772	3,444	28,376	787,877
Profit for the period	–	–	–	73,050	73,050
Other comprehensive income: Net fair value gain on available-for-sale financial assets	–	–	92,279	–	92,279
Total comprehensive income for the period	–	–	92,279	73,050	165,329
Dividend paid	–	(10,718)	–	–	(10,718)
Transactions with owners	–	(10,718)	–	–	(10,718)
At 31 March 2010	29,285	716,054	95,723	101,426	942,488



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 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”). The Group has suspended the businesses of trading of recycled computers from 1 September 2009. The business of trading of bags and accessories was disposed of to an independent third party on 13 November 2009 which is now accounted for as the discontinued operations.

2. BASIS OF PREPARATION

The unaudited condensed consolidated results of the Group for the nine months ended 31 March 2010 (the “Condensed Financial Report”) have been prepared in accordance with Hong Kong Financial Reporting Standards 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 15 months ended 30 June 2009 (the “2009 Annual Financial Statements”).

The preparation of the Condensed Financial Report 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.

The accounting policies and methods of computation adopted in the preparation of the Condensed Financial Report are consistent with those adopted in the 2009 Annual Financial Statements.

3. 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 and other income recognised during the period is as follows:

	Nine months ended 31 March		Three months ended 31 March	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Revenue				
Commission income	166,022	31,526	52,604	61
Sales of properties	15,000	–	–	–
Sales of goods	2,123	12,976	–	4,793
	183,145	44,502	52,604	4,854
Other income				
Interest income	595	2,183	12	811
Fair value gain on financial assets at fair value through profit or loss, net	362	–	330	–
Dividend income	–	465	–	134
Sundry income	281	235	65	11
	1,238	2,883	407	956
	184,383	47,385	53,011	5,810

Certain comparative figures have been reclassified to conform with the current period's presentation of the result report.

4. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Nine months ended 31 March		Three months ended 31 March	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Fair value loss on financial assets at fair value through profit or loss, net	–	5,156	–	1,707
Depreciation	874	442	416	164

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (three and nine months ended 31 March 2009: 16.5%) on the estimated assessable profit arising in Hong Kong for the current period.

Deferred tax had not been provided for the Group because the Group had no significant temporary differences at the reporting date (31 March 2009: Nil).

6. DISCONTINUED OPERATIONS

As mentioned in note 1, the business of trading of bags and accessories was disposed of to an independent third party on 13 November 2009. As this business had been suffering persistent losses and there will be no significant improvement in the near future, the Group entered into a sale and purchase agreement on 13 November 2009 to dispose of this business to an independent third party and the disposal was completed on the same date. This business is presented as the discontinued operations in accordance with HKFRS 5.

Profit for the period from the discontinued operations is analysed as follows:

	Nine months ended 31 March		Three months ended 31 March	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Profit for the period: Discontinued trading of bags and accessories business (note a)	-	-	-	-
Gain on disposals	788	-	-	-
Profit for the period from the discontinued operations	788	-	-	-

Note a:

An analysis of the results of the discontinued operations included in the consolidated income statement is as follows:

	Nine months ended 31 March		Three months ended 31 March	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Revenue	-	-	-	-
General and administrative expenses	-	-	-	-
Loss for the period from discontinued operations	-	-	-	-

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months and the nine months ended 31 March 2010 (three months and nine months ended 31 March 2009: Nil).

Dividend payable to owners attributable to the previous financial period, approved and paid during the interim period of HK0.366 cent per share.

8. EARNINGS/(LOSS) PER SHARE

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

	Nine months ended 31 March		Three months ended 31 March	
	2010 (Unaudited)	2009 (Unaudited)	2010 (Unaudited)	2009 (Unaudited)
Profit/(loss) for the period, attributable to owners of the Company (HK\$'000)				
– from continuing operations	72,262	(1,764)	22,310	(8,764)
– from discontinued operations	788	–	–	–
Weighted average number of ordinary shares in issue ('000)	73,050	(1,764)	22,310	(8,764)
	2,928,500	2,928,500	2,928,500	2,928,500
Basic earnings/(loss) per share (HK cents)				
– from continuing operations	2.47	(0.06)	0.76	(0.30)
– from discontinued operations	0.02	–	–	–
	2.49	(0.06)	0.76	(0.30)

Diluted earnings per share from continuing operations and from discontinued operations for the three months and the nine months ended 31 March 2010 and the corresponding periods in 2009 are not presented as no dilutive events existed during those periods.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopment, property trading in Hong Kong. The Group has suspended the business of trading of recycled computers from 1 September 2009. The business of trading of bags and accessories was disposed of to an independent third party on 13 November 2009.

The Group is also currently engaged in property assembly schemes for approximately 220 redevelopment projects in Hong Kong. Those engaged projects are all residential and commercial properties which are located in Hong Kong Island and Kowloon.

FINANCIAL REVIEW

RESULTS

During the nine months ended 31 March 2010, the Group recorded a turnover of approximately HK\$183,145,000, representing an increase of approximately 312% compared with the corresponding period last year of approximately HK\$44,502,000. The increase in turnover was mainly attributed to the increase in turnover of the Property Assembly and Brokerage Business. In respect of the Property Assembly and Brokerage Business, it contributes approximately HK\$181,022,000 to the turnover of the Group for the period and this represents an increase of approximately 474% compared with the corresponding period last year of approximately HK\$31,526,000 because of the completion of more property assembly projects during the period due to the improved market condition in Hong Kong property market since the mid of 2009.

Profit before income tax of the Group, including the results of the discontinued operations, for the nine months ended 31 March 2010 was approximately HK\$88,150,000, while a loss before income tax of approximately HK\$91,000 was recorded for the corresponding period last year. Due to the increase of turnover for the nine months ended 31 March 2010, profit attributable to owners of the Company for the period was increased to approximately HK\$73,050,000 compared with the loss attributable to owners of the Company of approximately HK\$1,764,000.

BUSINESS REVIEW

During the nine months ended 31 March 2010, as the economy and property market were improved gradually due to the improvement of market sentiment, 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 nine months ended 31 March 2010 was approximately HK\$181,022,000, representing an increase of approximately 474% (nine months ended 31 March 2009: approximately HK\$31,526,000). Operating profit for the Property Assembly and Brokerage Business was approximately HK\$90,148,000 which was increased by approximately 1,089% compared with that of approximately HK\$7,581,000 for the corresponding period last year.

During the period under review, the Group has completed 14 assembly projects, which are mainly located in the densely populated areas in Hong Kong Island and Kowloon, such as Causeway Bay, Mid-Levels, Western District, Mongkok, Aberdeen and Tai Kok Tsui, etc., with the total contract sum and the total gross profit of approximately HK\$4,003,900,000 and approximately HK\$133,000,000 respectively.



As at 31 March 2010, the Group had approximately 220 property assembly projects in progress with a total site area of approximately 2,700,000 square feet. Among those projects in progress, approximately 110 projects are located in Hong Kong Island, mainly in the Mid-Levels, Sheung Wan, North Point, Causeway Bay, Western District, Wanchai, Shau Kei Wan, Quarry Bay and Aberdeen, etc.. Approximately 110 projects are located in Kowloon, mainly in Tsim Sha Tsui, Sham Shui Po, Mong Kok, Tai Kok Tsui, Ho Man Tin, Hung Hom, To Kwa Wan and Kowloon City, etc..

The business of trading of recycled computers contributed approximately HK\$2,123,000 to the Group's turnover for the nine months ended 31 March 2010, representing approximately 1% of the Group's turnover for the reporting period and a substantial decrease compared with the corresponding period last year (nine months ended 31 March 2009: approximately HK\$12,976,000). An operating loss in this segment of approximately HK\$1,471,000 was recorded for the reporting period. Because of the unsatisfactory results, the Group has suspended the business of the trading of recycled computers from 1 September 2009 and would consider to terminate if the loss persisted. There was no turnover for the business of trading of bag and accessories during the nine months ended 31 March 2010. The business of trading of bag and accessories was disposed of to an independent third party on 13 November 2009.

CAPITAL STRUCTURE

There is no material change in capital structure of the Company during the nine months ended 31 March 2010.

PROSPECTS

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 fostered a favorable business environment to the Group. With the prospering property market, the property developers are 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, has been increased significantly.

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 and To Kwa Wan, etc. In view of this, the government policies are expected to be more favourable to the redevelopment. The Legislative Council has passed a controversial bill to lower the sales threshold needed to 80% from the present 90% for all buildings aged 50 or above to trigger compulsory acquisitions of all units in redevelopment project from 1 April 2010. Such 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 uncertainty on recovery of the global economy, the Group remains optimistic in property assembly and brokerage business. The Group is dedicated to develop strategically in the property assembly and brokerage business 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 suspended these businesses from 1 September 2009 and has directed the resources to development of the business of property assembly and brokerage. The business of trading of bags and accessories was disposed of to an independent third party on 13 November 2009.

CONNECTED TRANSACTION

There were no significant connected party transactions entered into by the Group for the nine months ended 31 March 2010.

SHARE OPTIONS

During the nine months ended 31 March 2010, 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 POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2010, 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 2010, 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 2010, 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 interest or short positions of person in the shares and 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%
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%
Ms. Kong Pik Fan (Note 4)	Family interest	760,000,000	25.95%



Notes:

1. 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.
2. These shares are beneficially owned by Virtue Partner Group Limited, a company wholly owned by Mr. Pong.
3. 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.
4. 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 2010, 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.

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 nine months ended 31 March 2010.



DIRECTOR'S INTERESTS IN COMPETING INTERESTS

As at the date of this 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

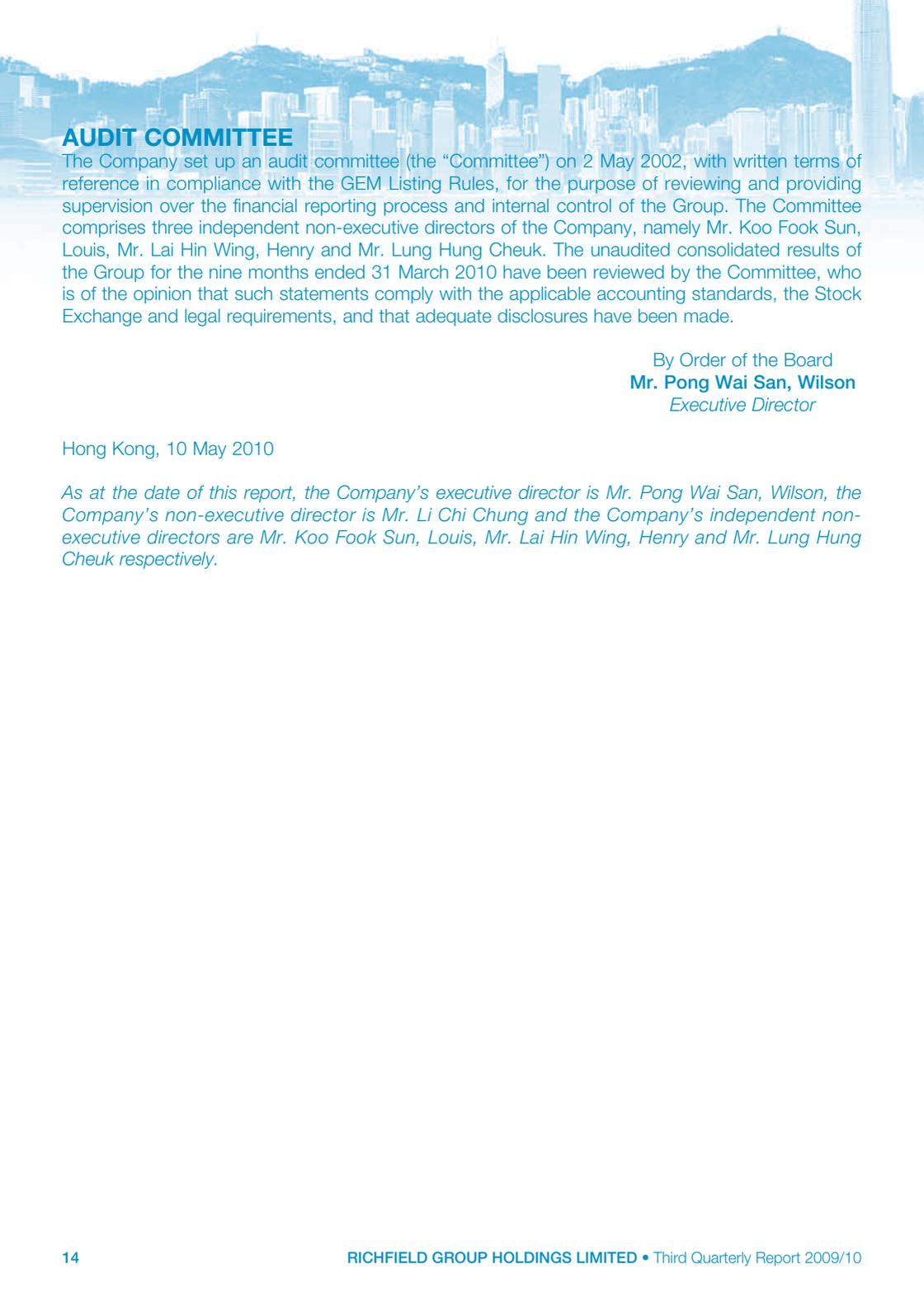
The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by directors throughout the nine months ended 31 March 2010.

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 nine months ended 31 March 2010, except for the deviations that (i) Mr. Li Chi Chung, the non-executive director of the Company, was appointed without specific term of service since no appointment letter has been entered between Mr. Li and the Company but his appointment is subject to retirement by rotation and offers himself for re-election in accordance with the articles of association of the Company; and (ii) 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 nine months ended 31 March 2010 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, 10 May 2010

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.