

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8136)**

**MAJOR TRANSACTION:  
PROPERTY DEVELOPMENT PROJECT**

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

## CHARACTERISTICS OF GEM

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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## DEFINITIONS

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

“154 Property”	the whole property located at No. 154 of Carpenter Road, being part of the Properties
“Acquisition”	the acquisition of the majorities of the Properties (other than the Owned Property) subject to and upon the terms and conditions of the Provisional Sale and Purchase Agreements and the Formal Sale and Purchase Agreements
“Board”	the board of Directors from time to time
“Company”	Richfield Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM
“Controlling Shareholders”	together: (i) Richfield (Holdings) Limited, a company incorporated in the Marshall Islands and wholly owned by Mr. Au Wing Wah, the sole director of Richfield Realty Limited, a wholly owned subsidiary of the Group, and holding 760,000,000 Shares; (ii) Mr. Pong Wai San, Wilson, an executive Director holding 352,176,000 Shares; and (iii) Virtue Partner Group Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Pong Wai San, Wilson and holding 936,794,000 Shares
“Director(s)”	the director(s), including the independent non-executive directors of the Company from time to time
“Enlarged Group”	the enlarged Group as a result of the Project
“Formal Sale and Purchase Agreements”	the formal agreements for sale and purchase of the majorities of the Properties (other than the Owned Property) entered into between the Purchasers and the Vendors
“Group”	the Company and its subsidiaries from time to time
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

## DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the GEM Listing Rules
“Latest Practicable Date”	15 October 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Owned Property”	the ground floor of No. 142 of Carpenter Road, Kowloon City, Hong Kong, being one of the Properties
“Project”	the property redevelopment project comprising the Acquisition and the Redevelopment
“Properties”	the properties situated at Nos. 142, 144, 146, 148, 150, 152 and 154 of Carpenter Road, Kowloon City, Hong Kong
“Provisional Sale and Purchase Agreements”	the provisional agreements for sale and purchase of the Properties (other than the Owned Property) dated 30 July 2010, 5 August 2010, 23 August 2010 and 21 September 2010 respectively and entered into between the Purchasers and the Vendors
“Purchasers”	companies incorporated in the British Virgin Islands with limited liability and are wholly-owned subsidiaries of the Company
“Redevelopment”	the acquisition of the unacquired units of the Properties and the redevelopment of the Properties as disclosed in this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of the Share(s) from time to time

## DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	the vendors to the Provisional Sale and Purchase Agreements, the respective beneficial owners of the majorities of the Properties and are Independent Third Parties.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq. ft.”	square feet
“%”	per cent.

LETTER FROM THE BOARD



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

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8136)**

*Executive Directors:*

Mr. Pong Wai San, Wilson

Mr. Lee Wing Yin

*Non-executive Director:*

Mr. Li Chi Chung

*Independent non-executive Directors:*

Mr. Koo Fook Sun, Louis

Mr. Lai Hin Wing, Henry

Mr. Lung Hung Cheuk

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

Unit 1209, 12/F.

Silvercord Tower 2

30 Canton Road

Tsim Sha Tsui

Kowloon

Hong Kong

18 October 2010

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION:  
PROPERTY DEVELOPMENT PROJECT**

**INTRODUCTION**

Reference is made to the announcements of the Company dated 30 July 2010 and 23 August 2010 in relation to the Project involving the Acquisition and the Redevelopment.

The Project constitutes a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

The purpose of this circular is to provide you with further details regarding the Project in accordance with the GEM Listing Rules.

\* *for identification purpose only*

## LETTER FROM THE BOARD

### THE ACQUISITION

On 30 July 2010, 5 August 2010, 23 August 2010 and 21 September 2010, the Purchasers, wholly-owned subsidiaries of the Company, entered into the Provisional Sale and Purchase Agreements with the Vendors in relation to the acquisition of 88.57% the Properties (other than the Owned Property) for an aggregate cash consideration of HK\$318,971,900.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors and, if applicable, their respective ultimate beneficial owners, are Independent Third Parties. The Vendors are owners of 31 units out of an aggregate 35 units of the Properties, representing 88.57% of the Properties (other than the Owned Property).

The Purchasers are the wholly-owned subsidiaries of the Company and are principally engaged in property holding.

As at the date of the entering into of the Provisional Sale and Purchase Agreements, the Group owns the Owned Property. The acquisition cost of the Owned Property is approximately HK\$14,334,000.

#### **Assets to be acquired:**

Pursuant to the Provisional Sale and Purchase Agreements, the Vendors agreed to sell and the Purchasers agreed to acquire the majorities of the Properties (other than the Owned Property) subject to and upon the terms and conditions of the Provisional Sale and Purchase Agreements.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, the Properties have a total gross area of approximately 82,000 sq. ft. and there are a total 35 relevant units of the Properties (including the 154 Property). Twelve (12) units of the Properties are subject to existing tenancies or licences at the time of the Acquisition. The gross rental income of these twelve units of the Properties are set out below for reference:

	<b>For the period from 19 October 2010 to 30 June 2011</b>	<b>For the period from 1 July 2011 to 30 June 2012</b>	<b>For the period from 1 July 2012 to 30 June 2013</b>
Gross rental income from the Properties (HK\$'000)	1,321	1,161	178

It is estimated that rates and land rents payable in respect for all of the 31 units of the Properties amount to approximately HK\$150,000 for the current taxation year.

## LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the tenants and/or licensees and, if applicable, their respective ultimate beneficial owners are Independent Third Parties.

The Properties will be classified as "properties under development" in the consolidated financial statements of the Group. Though certain Properties are subject to tenancies or licences at the time of the Acquisition, the Group will not renew any such tenancies and licences and may early terminate such tenancies and licences as the primary purpose of the Acquisition is for the Redevelopment.

For further details of the Properties and the Redevelopment, please refer to the section headed "The Redevelopment" below.

### **Consideration:**

The total considerations for majorities of the Properties (excluding the Owned Property) are HK\$318,971,900 which will be settled by the Purchasers in cash in the following manners:

- (a) as to HK\$4,743,000 was paid to the Vendors as deposit upon or before the entering into of the Provisional Sale and Purchase Agreements;
- (b) as to HK\$15,612,000 will be paid to the Vendors as further deposit upon the entering into of the Formal Sale and Purchase Agreements; and
- (c) as to the remaining balance of HK\$298,616,900 will be paid to the Vendors upon completion of the Acquisition.

The considerations for each of the Properties were arrived at after arm's length negotiations between the parties to each of the Provisional Sale and Purchase Agreements and are on normal commercial terms after having taken into account the market price of the Properties and comparison based on market prices of comparable properties of similar size, character and location have been made. According to the valuation report prepared by Ascent Partners Transaction Service Limited in Appendix II to this circular, the market value in existing state of the Project as at 15 October 2010 amounts to approximately HK\$450,000,000.

The Directors (including the independent non-executive Directors) consider that the terms of the Provisional Sale and Purchase Agreements are fair and reasonable and are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

### **Completion**

Completion of the Acquisition shall take place on or before 22 October 2010. Upon completion of the Acquisition, the Group will own 91.43% of the Properties. The Group will acquire the outstanding unacquired minority units of the Properties under the Redevelopment.

## LETTER FROM THE BOARD

### THE REDEVELOPMENT

Upon completion of the Acquisition, the Group will own 91.43% of the Properties, i.e. Nos. 142 to 154 of Carpenter Road and will acquire the outstanding unacquired minority units of the Properties. The Board considers that there is no difficulty for the Group to acquire the outstanding unacquired minority units of the Properties.

The Properties are located in Kowloon City, Hong Kong next to the Carpenter Road Park. The Board will redevelop the Properties into a mixed-use commercial and residential development comprising shops and residential apartments.

The Properties have a site area of approximately 9,112 sq. ft. and the Redevelopment involves a total development area of approximately 82,000 sq. ft., with a total of approximately 14,000 sq. ft. for shops and approximately 68,000 sq. ft. for residential purpose. The preliminary redevelopment plan is that there will be a two-storey shopping mall with a 23-floor residential apartments, subject to any adjustments to the final redevelopment plan.

It is expected that the Redevelopment will be completed in or about 2015.

### Capital Commitments

It is expected that the capital commitments of the Group for the Redevelopment (including the transaction costs, the costs and expenses for the remaining unacquired units of the Properties, construction costs, consultancy fee, interest for bank borrowing, marketing fee and development management fee but excluding the consideration for the Acquisition and the Own Property) will amount to approximately HK\$420,000,000.

The Group intends to finance the consideration for the Acquisition and capital commitment for the Redevelopment from its internal resources and external borrowings from bank and other financial institutes.

### REASONS FOR THE PROJECT

The Group is principally engaged in provision of property brokerage services, provision of schemes for property consolidation, assembly and re-development and property trading in Hong Kong. The Group has diversified its business scope and commenced to engage in property development business in Hong Kong.

The Directors have been actively seeking to diversify its business scope and consider that the engagement in property development will broaden the revenue base of the Group and will be beneficial to the Company and the Shareholders as a whole in the long run. Reference is also made to the announcement of the Company dated 18 May 2010 in relation to the formation of an associate of the Group of a property development project at Nos.18-32 Junction Road, Kowloon, Hong Kong. In light of the growth of demand in Hong Kong property market, the Directors consider that the Project, which comprises the Acquisition and the Redevelopment, represents an excellent opportunity for the Group to tap into the property development market and will enhance the Shareholders' value in the

## LETTER FROM THE BOARD

long run. The experience and expertise of the Group obtained in the associate's property development project can also be applicable to the Project and with the experience of the Group in property market in Hong Kong, the Board is optimistic in the sale and/or leasing of the units in the re-developed property after the Redevelopment.

The Directors (including the independent non-executive Directors) therefore consider that the terms of the Project are fair and reasonable and are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

### GEM LISTING RULES IMPLICATIONS

The Project (including the Acquisition and the Redevelopment) constitutes a major transaction on the part of the Company under the GEM Listing Rules and is subject to the notification, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, no Shareholders have a material interest in the Project and no Shareholder would be required to abstain from voting if the Company has convened a general meeting for the approval of the Project.

In lieu of holding a general meeting to approve the Project, written approvals on the Project have been obtained from each of the Controlling Shareholders respectively which are in aggregate interested in 2,048,970,000 Shares, representing approximately 69.96% of the issued share capital of the Company pursuant to Rule 19.44 of the GEM Listing Rules. The Company will not hold a general meeting to approve the Project.

The Company has faced difficulty in preparing the accountants' report on the rental income generated from the Properties for the last three financial years in accordance with Rule 19.67(6)(b) of the GEM Listing Rules. In particular, the Vendors are under no obligations to provide such information to the Company and the Vendors may not have such information themselves. Despite reasonable enquiries made by the Company, the Company could not obtain sufficient information for the accountants' report and accordingly has applied for waiver to the accountants' report in relation to the revenue generated from the Properties for the last three financial years as required under Rule 19.67(6)(b) of the GEM Listing Rules.

### FINANCIAL EFFECT OF THE PROJECT

Immediately after the completion of the Acquisition and the Redevelopment, the Project will lead to an increase in the amount of both the total assets and the total liabilities of the Group. As the Group intends to pay the costs and expenses for the Acquisition and the Redevelopment by internal resources and/or external borrowings of the Group, there will be an increase in current liabilities in relation to the corresponding amount of borrowings, but with no material impact on the Group's net assets value. It is expected that the Project will contribute positively to the results of the Group.

## LETTER FROM THE BOARD

### FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

For the year ended 30 June 2010, the Group recorded a turnover (for both continuing and discontinued operations) of approximately HK\$310,709,000, representing an increase of approximately 162% compared with the previous fiscal period of approximately HK\$118,399,000. The surge in turnover was mainly attributed to the increase in turnover of the property assembly and brokerage business. In respect of the business of property assembly and brokerage, it contributes approximately HK\$308,851,000 to the turnover of the Group for the year and this represents an increase of approximately 224% compared with the previous period of approximately HK\$95,222,000 because of the completion of more property assembly projects during the year due to the improved market condition in Hong Kong property market since the mid of 2009.

The Hong Kong property market rebounded gradually since the first quarter of year 2009 due to the recovering economy, improvement of market sentiment and low interest rate environment. Prosperity of property market and the favourable change in legislation fostered the increasing need of the urban renewal, which create favourable business environment to the Group. With the prospering property market, the market demand for residential projects remains strong and the property developers are more aggressive in increasing 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 continue to increase steadily. The property assembly and brokerage business will continue to generate a stable income to the Group.

Notwithstanding the uncertainty on recovery of the global economy, the Group remains optimistic in property assembly and brokerage business and property development business in Hong Kong. The Group is dedicated to develop strategically in the property assembly and brokerage business and the property development business and actively seeking opportunities for premium property redevelopment projects so as to drive the growth of the Group. The Group has been committed to conducting property assembly since 2007, and it is also our pursuit to alleviate the problem of urban ageing in the old districts in Hong Kong, and thereby improve the environment and quality of life in those neighborhoods.

As announced in the announcement of the Company dated 18 May 2010, to complement the existing property trading and assembly businesses and broaden the revenue base of the Group, the Board decides to diversify and expand its existing business into the property development market. In light of the growing potential of the property development market in Hong Kong, the Board is of the view that such diversification will be beneficial to the long term development of the Group. The formation of associate as announced on 18 May 2010 and the Project represented the first steps of the Group to tap into the property development business in Hong Kong and it is expected that the property development business will be complement with and bring synergic effect to the other existing businesses of the Group.

<b>LETTER FROM THE BOARD</b>
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**RECOMMENDATION**

The Board considers that the terms of the Project are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

**ADDITIONAL INFORMATION**

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

By order of the Board  
**RICHFIELD GROUP HOLDINGS LIMITED**  
**Lee Wing Yin**  
*Executive Director*

## 1. SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the audited consolidated results, assets and liabilities of the Group for the financial year ended 31 March 2008, the period from 1 April 2008 to 30 June 2009 and the financial year ended 30 June 2010 which are extracted from the audited consolidated financial statements of the Group. All such financial information should be read in conjunction with the audited consolidated financial statements and the unaudited and accompanying notes, which are included in the Group's annual reports.

**Consolidated income statements**

	<b>Year ended 30 June 2010 HK\$'000</b>	<b>Period from 1 April 2008 to 30 June 2009 HK\$'000</b>	<b>Year ended 31 March 2008 HK\$'000</b>
Revenue	310,709	118,399	143,155
Cost of sales	<u>(106,727)</u>	<u>(64,498)</u>	<u>(88,046)</u>
Gross profit	203,982	53,901	55,109
Other income	2,839	5,104	6,812
Selling and distribution expenses	(5,092)	(3,529)	(10,102)
Administrative expenses	<u>(35,420)</u>	<u>(20,869)</u>	<u>(15,079)</u>
Operating profit	166,309	34,607	36,740
Finance costs	(5)	–	(2,587)
Share of profit of associates	<u>1</u>	<u>–</u>	<u>–</u>
Profit before income tax	166,305	34,607	34,153
Income tax expense	<u>(25,868)</u>	<u>(10,980)</u>	<u>(6,496)</u>
Profit attributable to owners of the Company	<u>140,437</u>	<u>23,627</u>	<u>27,657</u>
Dividends	<u>–</u>	<u>10,718</u>	<u>20,997</u>
Earnings per share for profit attributable to owners of the Company			
Basic (cents)	<u>4.80</u>	<u>0.81</u>	<u>1.06</u>
Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

## Consolidated statements of financial position

	As at 30 June 2010 <i>HK\$'000</i>	As at 30 June 2009 <i>HK\$'000</i>	As at 31 March 2008 <i>HK\$'000</i>
Non-current assets	618,512	505,004	157,825
Current assets	<u>515,319</u>	<u>298,447</u>	<u>651,866</u>
Total assets	<u><b>1,133,831</b></u>	<u><b>803,451</b></u>	<u><b>809,691</b></u>
Non-current liabilities	356	–	–
Current liabilities	<u>135,099</u>	<u>15,574</u>	<u>27,888</u>
Total liabilities	<u><b>135,455</b></u>	<u><b>15,574</b></u>	<u><b>27,888</b></u>
Net assets	<u>998,376</u>	<u>787,877</u>	<u>781,803</u>

## 2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Shareholders may refer to the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the designated website of this Company at [ir.sinodelta.com.hk/richfieldgp/](http://ir.sinodelta.com.hk/richfieldgp/) for the financial statements of the Group. The Shareholders may refer to the audited financial statements of the Company published on the above website as set out in its annual report dated 21 September 2010 for the consolidated income statement of the Group for the year ended 30 June 2010 (page 26 of the 2010 Annual Report), consolidated statement of financial position of the Group as at 30 June 2010 (page 28 of the 2010 Annual Report), and the notes to the financial information (pages 33 to 80 of the 2010 Annual Report).

## 3. INDEBTEDNESS

As at the close of business on 31 August 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had total borrowings amounting to approximately HK\$436,000, which represents finance lease liabilities.

### Contingent liabilities and guarantees

As at 31 August 2010, the Group had given guarantee of HK\$144 million for banking facilities of the associate for a property development project.

### Disclaimer

Saved as disclosed above and apart from intra-group liabilities, the Group did not have any loan capital issued and outstanding or agreed to be issued, any loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 31 August 2010.

Saved as disclosed above, the Directors confirm that there has been no material change to the indebtedness and contingent liabilities of the Enlarged Group since 31 August 2010 and up to the Latest Practicable Date.

## 4. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into consideration the financial resources available to the Group including the internally generated funds, the present bank and other facilities, the Group will have sufficient working capital for at least twelve months from the date of this circular.

**5. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group as at 30 June 2010, the date to which the latest published audited financial statements of the Group were made up.

*The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Ascent Partners Transaction Service Ltd., an independent valuer, in connection with its valuation as at 15 October 2010 of NOS.142, 144, 146, 148, 150, 152 AND 154 CARPENTER ROAD, KOWLOON CITY, KOWLOON*



6 B&C Sincere Insurance Building,  
4-6 Hennessy Road, Wanchai  
Hong Kong.  
Tel: 3101-7988  
Fax: 3101-7987

Date: 18 October 2010

The Board of Directors  
Richfield Group Holdings Limited  
Unit 1209, 12/F, Silvercord Tower 2,  
No.30 Canton Road, Kowloon,  
Hong Kong

Dear Sirs,

**NOS.142, 144, 146, 148, 150, 152 AND 154 CARPENTER ROAD, KOWLOON CITY, KOWLOON**

## **INSTRUCTIONS**

We were instructed by Richfield Group Holdings Limited (referred to as the “**Company**”) to value the captioned property located in Hong Kong. We confirm that we have carried out property inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 15 October 2010 (referred to as the “Valuation Date”).

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

## **BASIS OF VALUATION**

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

**VALUATION METHODOLOGY**

We have valued the property interests on market basis on the vacant possession and the direct comparison method is adopted where comparison based on prices realised on actual sales of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

**VALUATION CONSIDERATIONS**

In valuing the property interests, we have complied with all the requirements contained in Chapter 8 of the Rules Governing the Listing of Securities on the Growth Enterprise Market issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors effective from 1 January 2005.

**VALUATION ASSUMPTIONS**

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

No allowance has been made in our report for any outstanding or additional land premium, charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

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

**TITLE INVESTIGATION**

We have been, in some instances, shown copies of various title documents and other documents relating to the property interests and have made relevant enquiries. We also caused searches to be made at the Land Registry in respect of the property. We have not examined the original documents to verify the existing title to the property interests and any material encumbrances that might be attached to the property interests or any lease amendments.

All legal documents provided by the Company have been used for reference only. No responsibility regarding legal title to the property interests is assumed in this valuation report.

**LIMITING CONDITIONS**

We have inspected the exterior of the property. We have valued the property in its existing state as a development site on a redevelopment basis. It is assumed that all consents, approvals and licences from relevant Government authorities for the redevelopment will be granted without any onerous conditions. We have not carried out any soil investigations to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. We do not make any allowance for contamination or pollution of the land, if any, which may have been caused by past usage.

In the course of our inspection, we did not note any serious defects. Furthermore, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site area of the property and we have assumed that the areas shown on the copies of documents handed to us are correct.

We have relied to a considerable extent on information provided by the Company and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the property interests.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also been advised by the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

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

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

**EXCHANGE RATE**

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

Our valuation certificate is herewith attached.

Yours faithfully,

For and on behalf of

**Ascent Partners Transaction Service Ltd.**

**Ian K. F. Ng**

MBA BSc(EstMan) BSc MHKIS MRICS RPS(GP)

*Associate Director*

*Mr. Ian K. F. Ng is a Registered Professional Surveyor with over 7 years' experience in valuation of properties in HKSAR, Macau SAR and mainland China. Mr. Ng is a Professional Member of The Hong Kong Institute of Surveyors as well as a chartered surveyor of The Royal Institution of Chartered Surveyors.*

## VALUATION CERTIFICATE

Property	Description and tenure	Particular of Occupancy	Market Value
			in existing state as at 15 October 2010 HKD
Nos.142, 144, 146, 148, 150, 152 and 154 Carpenter Road, Kowloon City, Kowloon	The property comprises a rectangular site erected upon is a seven 5-storey tenement buildings completed in about 1953.	Portions of the property are subject to various tenancies and licences whilst the remaining portions of the property are either vacant or owner-occupied.	450,000,000  (Hong Kong Dollars Four Hundred Fifty Million Only)
New Kowloon Inland Lot Nos.3715, 3956, 3957 and 3958 and Sections A, E and F of New Kowloon Inland Lot No.3715	The area of the site is approximately 9,112 square feet.  As advised by the Company, the tenement buildings will be demolished for development.	As instructed by the Company, we have valued the property on the basis of vacant possession.	
	New Kowloon Inland Lot Nos.3715, 3956, 3957 and 3958 are held under various Government Leases all for terms of 75 years renewable for 24 years commencing on 1 July 1898.		
	Sections A, E and F of New Kowloon Inland Lot No.3715 are held under Conditions of Exchange No. UB4754 for terms of 75 years renewable for 24 years commencing on 1 July 1898.		
	The term of the property has been statutorily extended to 30 June 2047. The government rent payable for the property is at 3% of the rateable value for the time being of the property per annum.		

## Notes:

1. The registered owners of the property are as follows:

**Floor Registered Owner**

**No.142 Carpenter Road**

G/F	Wofeng Holding Limited, a wholly-owned subsidiary of the Company
1/F	Ma Shu Tau and Leung Wai Fong (joint tenants), independent third parties
2/F	Glory Top International Industrial Limited, an independent third party
3/F	Wong Yun Kwai, an independent third party
4/F	Wong Yat Chiu and Wong Shiu On (tenants in common), independent third parties

**No.144 Carpenter Road**

G/F	Huge Success Industrial Limited, an independent third party
1/F	Yu Miu Wan, an independent third party
2/F	Fong Fu Keung, an independent third party
3/F	Law Ying Fong, an independent third party
4/F	Lam Lit Ki, an independent third party

**No.146 Carpenter Road**

G/F	Choi Yuk Kai and Choi Yuk Shan (executors), independent third parties
1/F	Lau Sau Ying, an independent third party
2/F	Lee Bik King and Lee Bik Kuen (joint tenants), independent third parties
3/F	Wong Yu Yam and Wong Wai Ling (joint tenants), independent third parties
4/F	Wu King Sun and Wong Chi Ling (joint tenants), independent third parties

**No.148 Carpenter Road**

G/F	Shang Sin Chun Tong, an independent third party
1/F	Ngai Mun Kit, Amelia, an independent third party
2/F	Fong Kwai Ying and Hui Choon Hong (joint tenants), independent third parties
3/F	Chhanulal Jhunjnuwala, an independent third party
4/F	Lui Mei Yee, an independent third party

**No.150 Carpenter Road**

G/F	So Cheong, an independent third party
1/F	Tse Gary Bock Hong, an independent third party
2/F	Tsang Yuen Mei, an independent third party
3/F	Au Yeung Kin Lam, an independent third party
4/F	Yeung Hon Kwan, Yeung Yuk Kwan and Yeung Hung Kwan (tenants in common), independent third parties

**No.152 Carpenter Road**

G/F	Fung Katherine Ka Ling, Fung Kun Ling Jacqueline, Francis Fung and Fung Mui Ling (joint tenants), independent third parties
1/F	Beng Dy, Or Lai Fun, Kua Kam Fung, Kua Kam Ying Edith alias Ho Kam Ying Edith and Hoh Kam Chi (joint tenants), independent third parties
2/F	Lau Yin Ching Hazel, an independent third party
3/F	Ng Yiu Hung Anthony, an independent third party
4/F	Poon Ching Hung and Poon Ko Soon Din (joint tenants), independent third parties

**No.154 Carpenter Road**

G/F	Ma Wing Kwong, Ma Wing Fai and Ma Wing Fung (joint tenants), independent third parties
1/F	Cheung Mei Shun, an independent third party
2/F	Tsang Kwong Yan, an independent third party
3/F	Yu Kai Yun, an independent third party
4/F	Wong Kum Hah and Ip Cham Kay Danny (administrators), independent third parties

2. The Company or its subsidiary have signed provisional agreements for sale and purchase with respective owners to purchase the property except G/F and 3/F No.148 Carpenter Road and G/F No.152 Carpenter Road, which are owned by independent third parties whilst G/F No.142 is already owned by its wholly-owned subsidiary.
3. The property is subject to various building orders or notices issued under Buildings Ordinance by the Building Authority. In the course of our valuation, we have not taken into account these building orders and notices.
4. Pursuant to an Approved Ma Tau Kok Outline Zoning Plan No.S/K10/20 dated in November 2008, the property is designated as "Residential (Group A) 2". According to the Notes attached to the Outline Zoning Plan, it contains, inter alia, the following development conditions:

"...no new development, or addition, alteration and/or modification to or redevelopment of an existing building shall result in the plot ratio for the building upon development and/or redevelopment in excess of 7.5 for a domestic building or 9.0 for a building that is partly domestic and partly non-domestic, or the plot ratio of the existing building, whichever is the greater..."

"...a maximum building height restriction of 100 metres above Principal Datum would be permitted for sites with an area of 400m<sup>2</sup> or more..."
5. Pursuant to the Government Leases in respect of New Kowloon Inland Lot Nos.3715, 3956, 3957 and 3958, it contains, inter alia, the following development covenants:

"...will not use or allow to be used the said piece or parcel of ground or any part thereof or any building erected thereon or any part of such building for industrial purposes..."

"...will not during the continuance of this demise use exercise or follow in or upon the demised premises or any part thereof the trade or business of a Brazier Slaughterman Soap-maker... or any other noisy noisome or offensive trade or business whatever..."
6. Pursuant to the Conditions of Exchange No.UB4754 in respect of Sections A, E and F of New Kowloon Inland Lot No.3715, it contains, inter alia, the following development covenants:

"...shall not be used for industrial purposes and no factory building shall be erected thereon..."

"...not more than seven houses shall be erected..."
7. The property is subject to the following encumbrances:
  - (i.) legal charge/mortgage in favour of HKCB Finance Limited (re: 2/F No.142 Carpenter Road);
  - (ii.) mortgage in favour of Bank of China (Hong Kong) Limited (re: G/F No.144 Carpenter Road);
  - (iii.) mortgage in favour of Hang Seng Bank Limited (re: G/F No.146 Carpenter Road);
  - (iv.) first legal charge in favour of GE Capital (Hong Kong) Limited and assignment of property mortgage and rental assignment by GE Capital (Hong Kong) Limited in favour of Primecredit Limited (re: 4/F No.148 Carpenter Road); and
  - (v.) a sealed order in H.C.M.H. case No.40 of 2010 (re: 1/F No.154 Carpenter Road).

**UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP**

The following unaudited pro forma statement of assets and liabilities of the Group has been prepared by the directors of the Company in accordance with paragraph 7.31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of illustrating the effect of the Property Development Project as if the Property Development Project had been completed on 30 June 2010. As it is prepared for illustrative purpose only, and because of its nature, it may not give a true picture of the financial position of the Group as at the date to which it is made up to or at any future date.

The unaudited pro forma statement of assets and liabilities of the Group has been prepared based on the audited consolidated statement of financial position of the Group as at 30 June 2010 as extracted from the published annual report of the Company for the year ended 30 June 2010 dated 21 September 2010 and the pro forma adjustments to reflect the effect of the Property Development Project.

The unaudited pro forma statement of assets and liabilities is based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. A narrative description of the pro forma adjustments of the Property Development Project that is (i) directly attributable to the transactions; and (ii) factually supportable, is summarised in the accompanying notes.

The unaudited pro forma statement of assets and liabilities of the Group is based on a number of assumptions, estimates, uncertainties and currently available information. As a result of these assumptions, estimates and uncertainties, the accompanying unaudited pro forma statement of assets and liabilities of the Group does not purport to describe the actual financial position of the Group's future financial position.

The unaudited pro forma statement of assets and liabilities of the Group should be read in conjunction with the historical financial information of the Group as set out in the annual report of the Company for the year ended 30 June 2010 and other financial information included elsewhere in this circular.

**APPENDIX III    UNAUDITED PRO FORMA FINANCIAL INFORMATION**

	<b>The Group as at 30 June 2010 (Audited) HK\$'000</b>	<b>Pro forma adjustments (Unaudited) HK\$'000</b>	<i>Notes</i>	<b>Pro forma balance (Unaudited) HK\$'000</b>
<b>ASSETS AND LIABILITIES</b>				
<b>Non-current assets</b>				
Property, plant and equipment	10,957			10,957
Leasehold land	17,193			17,193
Goodwill	474,000			474,000
Available-for-sale financial assets	116,304			116,304
Rental and sundry deposits	58			58
	<u>618,512</u>			<u>618,512</u>
<b>Current assets</b>				
Properties held for trading	37,450			37,450
Properties under development	14,334	662,514	(i)	676,848
Trade receivables	102,445			102,445
Prepayments, deposits and other receivables	18,438			18,438
Amount due from associate	42,867			42,867
Financial assets at fair value through profit or loss	3,696			3,696
Cash and cash equivalents	231,842	(213,797)	(ii)	18,045
Restricted bank deposits	64,247			64,247
	<u>515,319</u>			<u>964,036</u>
<b>Current liabilities</b>				
Bank overdrafts	389			389
Bank borrowings	–	448,717	(ii)	448,717
Accrued expenses and other payables	97,346			97,346
Finance lease liabilities	97			97
Taxes payable	37,267			37,267
	<u>135,099</u>			<u>583,816</u>
<b>Net current assets</b>	<u>380,220</u>			<u>380,220</u>
<b>Total assets less current liabilities</b>	<u>998,732</u>			<u>998,732</u>
<b>Non-current liabilities</b>				
Finance lease liabilities	356			356
<b>Net assets</b>	<u>998,376</u>			<u>998,376</u>
<b>EQUITY</b>				
Share capital	29,285			29,285
Reserves	969,091			969,091
<b>Total equity</b>	<u>998,376</u>			<u>998,376</u>

## APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (i) This adjustment is to reflect the effect of the completion of the Property Development Project on the unaudited pro forma statement of assets and liabilities as if the Property Development Project had been completed on 30 June 2010. The cost of properties under development is as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Cost of properties acquired – 1 unit of property (Already acquired by the Group as at 30 June 2010)	<i>(a)</i>	14,334
Cost of properties to be acquired – 31 units of properties	<i>(b)</i>	331,577
Cost of properties to be acquired – 3 units of properties	<i>(c)</i>	61,864
Construction cost	<i>(d)</i>	221,760
Legal fees and other costs	<i>(e)</i>	3,870
Borrowing costs on bank borrowings	<i>(f)</i>	43,443
		662,514
		676,848

Notes:

- (a) This had been acquired by the Group and classified as properties under development as at 30 June 2010.
- (b) This represents the purchase consideration and other incidental costs for these properties. The Group has already entered into the provisional sale and purchase agreements with the property owners of these properties during the period from 30 July 2010 to 21 September 2010. On 27 August 2010, the acquisitions of 2 units of properties have been completed.
- (c) As at the date of this report, the Group has not yet acquired these properties. To the best of management's belief, these properties will be acquired through mandatory auctions under the Cap 545 Land (Compulsory Sales for Redevelopment) Ordinance. The cost of these properties comprises the estimated value of these properties of HK\$59,290,000 and other incidental costs of HK\$2,574,000. The value of these properties was carried out by Ascent Partners Transaction Service Limited, a firm of independent professional qualified valuers, with reference to the estimated market values in its existing state on redevelopment basis as at 30 June 2010.
- (d) The construction cost represents the estimated cost of expenditures for demolition, site formation, feasibility studies on the ground work, foundation and pile cap and superstructure. This estimated cost has been certified by Ho & Partners Architects Limited, a firm of independent professional qualified architects.
- (e) These represent legal fees for mandatory auctions, feasibility design fee for plans to be approved by the Building Authority and other directly attributable costs.
- (f) This represents the estimated interest on bank borrowings and its related bank charges as described in note (ii) below. The borrowing costs are capitalised in accordance with HKAS 23.

The actual acquisition cost for the properties as described in note (c) above will be recorded based on the actual market price of these properties upon mandatory auctions which may be different from the estimated cost of HK\$61,864,000. On Completion, the actual construction cost in note (d), the actual legal fees and other costs in note (e) and the actual borrowing costs in note (f) will be different from those for the preparation of the unaudited pro forma statement of assets and liabilities. Accordingly, the actual cost of properties under development upon Completion may be different from that presented above.

- (ii) The Property Development Project is to be financed by internal working capital and bank borrowings of the Group. As at the date of this report, banking facilities have been granted to the Group to the extent of maximum amount of HK\$490,000,000. These banking facilities have not yet been utilised as at the date of this report. The amount of these bank facilities to be used for the development highly depends on the future cash flow of the Group. The adjustment is made on the directors' estimates that such banking facilities of HK\$448,717,000 may be used for the development, if any, with the reference of the cash balance of the Group as at 30 June 2010. Accordingly, the actual amount of the bank borrowings to finance the Property Development Project upon Completion may be different from that presented above.

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of an accountants' report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Grant Thornton, Certified Public Accountants, Hong Kong, in respect of the Unaudited Pro Forma Financial Information.



Member of Grant Thornton International Ltd

18 October 2010

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

Dear Sirs

**RICHFIELD GROUP HOLDINGS LIMITED**

We report on the unaudited pro forma statement of assets and liabilities of Richfield Group Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") (the "Unaudited Pro Forma Statement of Assets and Liabilities"), which has been prepared by the directors of the Company, solely for illustrative purposes only, to provide information about how the acquisition of the properties for redevelopment and the related cost of the redevelopment (the "Property Development Project") might have affected the financial information presented, for inclusion in Appendix III to the circular of the Company dated 18 October 2010 (the "Circular"). The basis of preparation of the Unaudited Pro Forma Statement of Assets and Liabilities is set out in the section headed "Unaudited Pro Forma Financial Information" in Appendix III to the Circular.

**Respective Responsibilities of Directors of the Company and Reporting Accountants**

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Statement of Assets and Liabilities in accordance with paragraph 7.31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 7.31(7) of Chapter 7 of the GEM Listing Rules, on the Unaudited Pro Forma Statement of Assets and Liabilities and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Statement of Assets and Liabilities beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Basis of opinion**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Statement of Assets and Liabilities with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Statement of Assets and Liabilities has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Statement of Assets and Liabilities as disclosed pursuant to paragraph 7.31(1) of Chapter 7 of the GEM Listing Rules.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we did not express any such assurance on the Unaudited Pro Forma Statement of Assets and Liabilities.

The Unaudited Pro Forma Statement of Assets and Liabilities is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not give any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2010 or any future date.

**Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Statement of Assets and Liabilities has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Statement of Assets and Liabilities as disclosed pursuant to paragraph 7.31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully

**Grant Thornton**  
Certified Public Accountants  
6th Floor, Nexxus Building  
41 Connaught Road Central  
Hong Kong

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particular given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the following Director had or was deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange:

#### (i) Long positions in the Shares

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of issued share capital of the Company
Mr Pong Wai San, Wilson ("Mr. Pong")	Beneficial and Corporate (Notes 1 and 2)	1,288,970,000	44.01%

#### Notes:

- Among these Shares, 352,176,000 Shares is personal interest of Mr. Pong, 936,794,000 shares are corporation interest which are beneficially owned by Virtue Partner Group Limited, a company wholly owned by Mr. Pong.
- 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.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

**(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders**

So far as is known to the Directors, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of Shareholder	Number of Shares held	Position	Approximate percentage of issued share capital of the Company
Ms. Tung Ching Yee, Helena (Note 1)	1,288,970,000	Long	44.01%
Virtue Partner Group Limited (Note 2)	936,794,000	Long	31.99%
Mr. Au Wing Wah ("Mr. Au") (Note 3)	760,000,000	Long	25.95%
Ms. Kong Pik Fan (Note 4) Richfield (Holdings) Limited (Note 3)	760,000,000	Long	25.95%
Vastwood Limited (Note 3)	760,000,000	Long	25.95%
Richfield Group Holdings Limited (Note 3)	760,000,000	Long	25.95%

*Notes:*

1. Virtue Partner Group Limited is a company wholly owned by Mr. Pong.
2. 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.
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.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

### 3. DIRECTORS' SERVICE CONTRACTS

Mr. Pong Wai San, Wilson, the executive Director and chief executive officer, and Mr. Li Chi Chung, the non-executive Director, have not signed any service contract or letter of appointment with the Company.

Mr. Lee Wing Yin ("Mr. Lee") has entered into a service agreement with the Company and was appointed as an executive director for an initial term of 36 months commencing from 1 June 2010, or terminated by not less than three months' notice in writing served by either party at any time thereafter. Mr. Lee is entitled to director's emolument of HK\$47,000 per month plus discretionary bonus to be decided by the Board at its sole discretion, which is determined by reference to the prevailing market conditions and his roles experience, and responsibilities in the Company. Mr. Lee will be subject to retirement and/or re-election by the shareholders of the Company pursuant to the articles of association of the Company.

Mr. Koo Fook Sun, Louis, Mr. Lai Hin Wing, Henry and Mr. Lung Hung Cheuk, all independent non-executive Directors of the Company, have each re-entered into a letter of appointment with the Company for a term of one year commencing from 23 March 2010 and expiring on 22 March 2011. Their appointments are subject to retirement by rotation and/or re-election in accordance with the article of association of the Company.

Apart from the forgoing, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

As at the Latest Practicable Date, apart from the forgoing, none of the Directors has entered into any service contract or management agreement, proposed or otherwise with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensation).

#### **4. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or the management Shareholders (as defined in the GEM Listing Rules) or substantial Shareholder or any of their respective associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

#### **5. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

#### **6. INTERESTS IN CONTRACTS AND ASSETS**

As at the Latest Practicable Date, no contract or arrangement of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted as at the Latest Practicable Date.

None of the Directors nor experts referred to in paragraph 8 below has any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries during the period since 30 June 2010, the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

## 7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are or may be material:

- (a) the provisional sale and purchase agreement dated 17 June 2009 and entered into between Sunrich Management Limited, a wholly owned subsidiary of the Company, as purchaser and Gloss Fortune Company Limited as vendor in relation to the acquisition of the property located at 1207 on 12/F of Tower 2 Silvercord, No. 30 Canton Road, Kowloon, Hong Kong for a cash consideration of HK\$23,493,500;
- (b) the shareholders' agreement dated 18 May 2010 and entered into among Joy Shing Development Limited, a wholly owned subsidiary of the Company, Apex Step Holdings Limited, Apex Plan Limited and Everhost Limited in relation to the acquisition and re-development of the property located at Nos.18-32 Junction Road, Kowloon, Hong Kong; and
- (c) the Provisional Sale and Purchase Agreements and the Formal Sale and Purchase Agreements.

## 8. EXPERTS

The following is the qualification of the experts who have given an opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Grant Thornton	Certified Public Accountants
Ascent Partners	Independent Professional Valuer

As at the Latest Practicable Date, each of Grant Thornton and Ascent Partners did not have any interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 30 June 2010, the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, each of Grant Thornton and Ascent Partners was not interested beneficially or non-beneficially in any Shares in the Company or any of its subsidiaries or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of Grant Thornton and Ascent Partners has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its respective letter and/or report and/or reference to its name in the form and context in which it respectively appears.

#### 9. MISCELLANEOUS

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is Unit 1209, 12/F., Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (c) The branch share registrar and transfer office in Hong Kong of the Company is Tricor Tengis Limited located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The company secretary of the Company is Mr. Lee Wing Yin, who is an associate member of the HKICPA and a fellow member of The Association of Chartered Certified Accountants and also an executive Director of the Company.
- (e) The compliance officer of the Company is Mr. Pong Wai San, Wilson who is also an executive Director.
- (f) The Company has established an audit committee with written terms of reference prepared and adopted with reference to the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. The audit committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group's audit. It also reviews the effectiveness of both the external and internal audit and of internal controls and risk evaluation. The audit committee comprises three members, namely Koo Fook Sun, Louis, Lai Hin Wing, Henry and Lung Hung Cheuk who are all independent non-executive Directors. Further details of them are set out below:

Mr. Koo Fook Sun, Louis ("Mr. Koo"), aged 54, has been appointed as an independent non-executive Director on 23 March 2007. Mr. Koo is the founder and the managing director of Hercules Capital Limited, a corporate finance advisory firm. Mr. Koo has many years of experience in investment banking and professional accounting. He was a managing director and head of the corporate finance department of a major international bank, and a director and chief executive officer of SilverNet Group Limited (now renamed Enerchina Holdings Limited), a company listed on the Main Board of the Stock Exchange. He currently also serves as an independent non-executive director of another five companies listed on the Main Board of the Stock Exchange, namely Good Friend International Holdings Inc., Li Ning

Company Limited, Weichai Power Co., Ltd., Xingda International Holdings Limited and Midland Holdings Limited. He was an independent non-executive director of Midland IC&I Ltd during the period from 24 June 2005 to 24 June 2008. And from January 2007 to October 2009. Mr. Koo served as the vice chairman and chief financial officer of 2020 ChinaCap Acquirco, Inc., a company then listed on The New York Stock Exchange Amex (now called NYSE Euronext), on 19 October 2009 and he also served as an independent non-executive director of China Communications Construction Company Limited a Main Board listed company, from September 2006 to December 2009. Mr. Koo graduated with a bachelor's degree in business administration from the University of California at Berkeley and is a member of the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Mr. Koo is also the chairman of the audit committee and a member of the remuneration committee and nomination committee of the Company.

Mr. Lai Hin Wing, Henry ("Mr. Lai"), aged 53, has been appointed as an independent non-executive Director on 23 March 2007. He is a partner of Messrs. P. C. Woo & Co., a firm of solicitors and notaries in Hong Kong, and has been practising in the legal field for more than twenty-eight years. Graduated from the University of Hong Kong with a bachelor of law degree, Mr. Lai was admitted as a solicitor in Hong Kong, England and Wales and the State of Victoria, Australia. Mr. Lai is a Notary Public and a China Appointed Attesting Officer in Hong Kong. He was a non-executive director of Allied Properties (H.K.) Limited, a company listed on Main Board of the Stock Exchange, during the period from 28 September 2004 to 18 June 2010. He was also an independent non-executive director of UURG Corporation Limited (formerly known as "Global Solution Engineering Limited"), which is listed on the GEM of the Stock Exchange, during the period from 19 September 2007 to 30 August 2008. Mr. Lai was an independent non-executive director of Canton Property Investment Limited, a company admitted to the AIM of the London Stock Exchange but resigned on 9 September 2008. Mr. Lai is also the chairman of the nomination committee and members of the audit committee and remuneration committee of the Company.

Mr. Lung Hung Cheuk ("Mr. Lung"), aged 63, has been appointed as an independent non-executive Director on 23 March 2007. He is a retired chief superintendent of the Hong Kong Police Force (the "**Hong Kong Police**") of Hong Kong. He joined the Hong Kong Police in 1966 as a Probationary Inspector at the age of 19. He was promoted to the rank of chief inspector in 1980, superintendent in 1986, senior superintendent in 1993 and chief superintendent in 1997. He had served in various police posts, namely Special Branch, Police Tactical Unit, Police Public Relations Bureau and in a number of police divisions at management level. Prior to his retirement in April 2002, he was the commander of Sham Shui Po Police District. Mr. Lung was also the secretary and then the chairman of the Superintendents' Association ("**SPA**") of the Hong Kong Police from 1993 to 2001. The membership of the SPA comprises the top management of the Hong Kong Police from superintendents up to and including the commissioner of Hong Kong Police.

He was awarded the Police Meritorious Service Medal by the Chief Executive of Hong Kong in 2000. Mr. Lung has appointed as independent non-executive director of iOne Holdings Limited, a company listed on the Main Board of the Stock Exchange on 18 September 2009. Mr. Lung was also an independent non-executive director of UURG Corporation Limited (formerly known as Global Solution Engineering Limited), a company listed on the GEM, during the period from 19 September 2007 to 12 January 2010. Mr. Lung is also the members of the nomination committee, the audit committee and remuneration committee of the Company.

#### 10. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company in Hong Kong at Unit A, 6th Floor, 9 Queen's Road Central, Hong Kong during normal business hours on any business day from the date of this circular up to and including 30 November 2010:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the three financial years ended 30 June 2010 and the interim report of the Company for the six months ended 31 December 2009;
- (c) the written consent from each of Grant Thornton and Ascent Partners referred to under the paragraph headed "Experts" in this appendix;
- (d) the property valuation report on the Property as set out in Appendix II of this circular;
- (e) the unaudited pro forma financial information as set out in Appendix III of this circular;
- (f) the material contracts referred to under the paragraph "Material contracts" in this appendix; and
- (g) this circular.