



田生集團有限公司*

RICHFIELD GROUP HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability) (Stock Code: 8136)
(於開曼群島註冊成立之有限公司) (股份代號: 8136)



2010/11

FIRST QUARTERLY
REPORT
第一季度業績報告

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

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

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

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This 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 the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to Richfield Group Holdings Limited. The directors of Richfield Group Holdings Limited, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

FIRST QUARTERLY RESULTS (UNAUDITED)

The board of directors (the "Board") of Richfield Group Holdings Limited herein presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months ended 30 September 2010 together with the comparative unaudited figures for the corresponding periods in 2009 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 30 September 2010

		Three months ended 30 September	
	<i>Notes</i>	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000 (Re-presented)
Continuing operations			
REVENUE	3	93,907	22,258
Cost of sales		(21,624)	(12,169)
Gross profit		72,283	10,089
Other income	3	741	736
Selling and distribution expenses		(1,208)	(774)
Administrative expenses		(19,496)	(2,586)
PROFIT BEFORE INCOME TAX	4	52,320	7,465
Income tax expense	5	(9,760)	(1,300)
Profit for the period from continuing operations attributable to the owners of the Company		42,560	6,165
Discontinued operations			
Profit for the period from discontinued operations	6	–	–
PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		42,560	6,165
DIVIDENDS	7	–	–
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY			
	8		
Basic			
– Continuing operations		HK1.45 cents	HK0.21 cent
– Discontinued operations		–	–
– Continuing and discontinued operations		HK1.45 cents	HK0.21 cent
Diluted			
– Continuing operations		HK1.45 cents	N/A
– Discontinued operations		–	N/A
– Continuing and discontinued operations		HK1.45 cents	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 September 2010

	Three months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Profit for the period	42,560	6,165
Other comprehensive income		
Net fair value gain on available-for-sale financial assets	80,840	16,912
Total other comprehensive income for the period	80,840	16,912
Total comprehensive income for the period attributable to the owners of the Company	123,400	23,077

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 September 2010

	Share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Share-based payment reserve (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	-	-	-	-	6,165	6,165
Other comprehensive income: Net fair value gain on available-for-sale financial assets	-	-	-	16,912	-	16,912
Total comprehensive income for the period	-	-	-	16,912	6,165	23,077
At 30 September 2009	29,285	726,772	-	20,356	34,541	810,954

	Share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Share-based payment reserve (Unaudited) HK\$'000	Revaluation reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 July 2010	29,285	716,054	-	84,224	168,813	998,376
Profit for the period	-	-	-	-	42,560	42,560
Other comprehensive income: Net fair value gain on available-for-sale financial assets	-	-	-	80,840	-	80,840
Total comprehensive income for the period	-	-	-	80,840	42,560	123,400
Recognition of share option benefits at fair value	-	-	5,596	-	-	5,596
Transactions with owners	-	-	5,596	-	-	5,596
At 30 September 2010	29,285	716,054	5,596	165,064	211,373	1,127,372

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 GEM of the Stock Exchange.

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of property brokerage services, provision of schemes for property consolidation, assembly and redevelopment and property trading in Hong Kong (the "Property Assembly and Brokerage Business") and property development and the trading of recycled computers. The Group has suspended the businesses of the trading of recycled computers since 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 presented as discontinued operations in accordance with HKFRS 5.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group for the three months ended 30 September 2010 (the "Condensed Financial Report") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The Condensed Financial Report should be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2010 (the "2010 Annual Financial Statements").

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

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

The Condensed Financial Report are presented in Hong Kong Dollars ("HK\$") which is also the functional currency of the Company and all values are rounded to the nearest thousands ("HK\$'000") unless otherwise stated.

Principal accounting policies

The accounting policies and methods of computation adopted in the preparation of the Condensed Financial Report are consistent with those adopted in the 2010 Annual Financial Statements, except for in the current period, the Group has applied for the first time the new standards, amendments and interpretations issued by the HKICPA in which HKAS 17 (Amendment) Leases is relevant and effective for the Group's financial statements for the annual period beginning on 1 July 2010.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (cont'd)

HKAS 17 (Amendments) Leases

As a result of the amendment to HKAS 17, the Group has re-evaluated the classification of its interests in leasehold land as to whether, in the Group's judgement, the lease transfers significantly all the risks and rewards of ownership of the land such that the Group is in a position economically similar to that of a purchaser. The Group has concluded that its interests in leasehold land, which are registered and located in Hong Kong and subject to the Government's land policy of renewal without payment of additional land premium, are no longer classified as operating leases. The Group considers that it is in a position economically similar to that of a purchaser and therefore such interests of leasehold land should be reclassified as finance leases. In accordance with the amendment to HKAS 17, this change in accounting policy has been applied retrospectively. Corresponding amounts of previous periods have been restated with the balance of leasehold land as at 30 June 2010 of HK\$17,193,000 (1 July 2009: Nil) classified as property, plant and equipment on the consolidated statement of financial position. No impact on the consolidated income statement for the previous period was because the Group acquired the properties in November 2009.

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 are as follows:

	Three months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Continuing operations		
Revenue		
Commission income	82,057	20,135
Sales of properties	11,850	–
Sales of goods	–	2,123
	93,907	22,258
Other income		
Interest income	158	577
Rental income	91	–
Renovation service income	463	–
Fair value gain on financial assets at fair value through profit and loss	29	62
Sundry income	–	97
	741	736
	94,648	22,994

4. PROFIT BEFORE INCOME TAX

	Three months ended 30 September	
	2010 HK\$'000	2009 HK\$'000 (Re-presented)
Profit before income tax is arrived at after charging the following:		
Depreciation	649	198
Directors' remuneration	141	-
Minimum lease payments under operating lease rentals for land and buildings	782	414
Share option benefits	5,596	-

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (three months ended 30 September 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 material temporary differences at the reporting date (30 September 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 segment is presented as discontinued operations in accordance with HKFRS 5.

6. DISCONTINUED OPERATIONS (cont'd)

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

	Three months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Profit for the period: Discontinued trading of bags and accessories business (note a)	–	–
Gain on disposals	–	–
Profit for the period from discontinued operations	–	–

Note a:

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

	Three months ended 30 September	
	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 ended 30 September 2010 (three months ended 30 September 2009: Nil).

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following:

	Three months ended 30 September	
	2010 (Unaudited)	2009 (Unaudited)
Profit for the period, attributable to the owners of the Company (HK\$'000)		
– from continuing operations	42,560	6,165
– from discontinued operations	–	–
	42,560	6,165
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000)	2,928,500	2,928,500
Effect of dilutive potential ordinary shares: Share options ('000)	2,287	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	2,930,787	2,928,500
Basic earnings per share (HK cents)		
– from continuing operations	1.45	0.21
– from discontinued operations	–	–
	1.45	0.21
Diluted earnings per share (HK cents)		
– from continuing operations	1.45	N/A
– from discontinued operations	–	N/A
	1.45	N/A

Diluted earnings per share from continuing operations and from discontinued operations for the three months ended 30 September 2009 were not presented as no dilutive events existed during the period.

FINANCIAL REVIEW

RESULTS

During the three months ended 30 September 2010, the Group recorded a turnover of approximately HK\$93,907,000, representing an increase of approximately 322% compared with the corresponding period last year of approximately HK\$22,258,000. 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 the whole turnover of the Group of approximately HK\$93,907,000 for the period compared with the corresponding period last year of approximately HK\$20,135,000 because of the improved market condition since the mid of 2009.

Profit before income tax of the Group for the three months ended 30 September 2010 was approximately HK\$52,320,000, representing an increase of approximately 601% when compared with the corresponding period last year of approximately HK\$7,465,000. Due to the increase of turnover for the period ended 30 September 2010, profit attributable to owners for the period was increased to approximately HK\$42,560,000 compared with that of approximately HK\$6,165,000 for the corresponding period last year.

BUSINESS REVIEW

Property Assembly and Brokerage Business

During the three months ended 30 September 2010, 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 three months ended 30 September 2010 was approximately HK\$93,907,000, representing an increase of approximately 366% (Three months ended 30 September 2009: approximately HK\$20,135,000). Operating profit for the Property Assembly and Brokerage Business was approximately HK\$58,908,000 which was increased by approximately 694% compared with that of approximately HK\$7,420,000 for the corresponding period last year.

During the period under review, the Group has completed 2 major assembly projects, which are located in Mid-Levels and Shau Kei Wan with the total contract sum and the total gross profit of approximately HK\$1,113,200,000 and approximately HK\$69,500,000 respectively.

As at 30 September 2010, the Group had approximately 270 property assembly projects in progress with a total site area of approximately 2,800,000 square feet. Among those projects in progress, approximately 100 projects are located in Hong Kong Island, mainly in the Mid-Levels, Sheung Wan, Causeway Bay, Western District, Shau Kei Wan, Quarry Bay and Aberdeen, etc.. Approximately 170 projects are located in Kowloon, mainly in Mongkok, Sham Shui Po, Tai Kok Tsui, Ho Man Tin, Kwun Tong, To Kwa Wan and Kowloon City, etc..

Property Development Business

The Group has successfully acquired over 80% ownerships for the two committed property development projects. One of the property development project is located at Nos. 18-32 Junction Road, Kowloon, Hong Kong, which is held by its associates and 30% equity interest held by the Group. This project has a site area of approximately 10,200 square feet and a gross floor area of approximately 91,800 square feet. The other one is located at Nos. 142-154 Carpenter Road, Kowloon, Hong Kong, which the Group decided to hold 100% equity interests of the project. The project has a site area of approximately 9,100 square feet and a gross floor area of approximately 82,000 square feet. Both projects intended to be developed into a composite residential/commercial building. The Group is in the course of preparing for the application of compulsory auction sales to acquire the remaining ownerships.

Other Business

The trading business of recycled computers has no contribution to the Group's turnover, since the Group has suspended the business of the trading of recycled computers from 1 September 2009 and would consider to terminate it.

PROSPECTS

Prosperity of property market, low interest rate environment, and the favourable change in legislation fostered the increasing need of urban renewal, which create favorable business environment to the Group. The market demand for residential projects remains strong and the property developers are 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 and would continue to be a stable income stream of the Group.

In light of the growing potential of the property development market in Hong Kong, the Group considers that the engagement in property development will broaden the revenue base of the Group and will benefit the Company and the shareholders as a whole in the long run. The Group has engaged in two property development projects and those projects represent excellent opportunities for the Group to tap into the property development market and will enhance the shareholders' value.

In respect of recycled computers, the profit margin for that industry was tumbled due to keen competition and surge of operating costs. The Group has suspended this business from 1 September 2009 and has directed the resources to development of the business of property assembly and brokerage.

CONNECTED PARTY TRANSACTIONS

There were no significant connected party transactions entered into by the Group for the three months ended 30 September 2010.

On 14 October 2010, the Company entered into a tenancy agreement with Flexwood Limited (“Flexwood”) as landlord pursuant to which the Company will rent the office premises owned by Flexwood for a term of two year commencing from the 15 October 2010. Flexwood is an investment company wholly and beneficially owned by Mr. Pong Wai San, Wilson (“Mr. Pong”), the chief executive officer, an executive director and also a substantial shareholder of the Company. Accordingly, Flexwood is a connected person to the Company as defined under the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) and the transaction contemplated under the tenancy agreement constitutes a continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. A detail of the above continuing connected transaction has been set out in the Company’s announcement dated 14 October 2010.

SHARE OPTIONS

On 9 July 2010, the Company granted 8,400,000 share options (the “Options”) to Mr. Pong, the executive director and substantial shareholder of the Company, and Mr. Au Wing Wah (“Mr. Au”), the director of subsidiaries and the substantial shareholder of the Company (the “Grantees”) under the Company’s share option scheme adopted by the Company on 2 May 2002 (the “Scheme”). The Options shall entitle the Grantees to subscribe for a total of 16,800,000 new shares of HK\$0.01 each (the “Shares”) in the capital of the Company at the exercise price of HK\$0.59 per share and was valid for the period from 9 July 2010 to 8 July 2015. Apart from as disclosed above, no share option was granted, exercised or lapsed under the scheme as at 30 September 2010.

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

As at 30 September 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	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 30 September 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 30 September 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 interests or short positions of person in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity in which shares are held	Number of issued shares	Percentage of the issue 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 (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:

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

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

Save as disclosed above, as at 30 September 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 three months ended 30 September 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 of the Company 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 of the Company, 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 of the Company throughout the three months ended 30 September 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 three months ended 30 September 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 Chi Chung 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 three months ended 30 September 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. Lee Wing Yin

Executive Director

Hong Kong, 11 November 2010

As at the date of this report, the Company’s executive directors are Mr. Pong Wai San, Wilson and Mr. Lee Wing Yin, 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.



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RICHFIELD GROUP HOLDINGS LIMITED

香港九龍尖沙咀廣東道30號新港中心第二期十二樓1209室
Unit 1209, 12/F., Silvercord Tower 2, 30 Canton Road, T.S.T., Kowloon, Hong Kong
電話 Tel: (852) 2317 6233 電郵 E-mail: inquiry@richfieldgroup.hk
傳真 Fax: (852) 2317 6088 網頁 Website: <http://www.richfieldgroup.hk>