田生集團有限公司
RICHFIELD GROUP HOLDINGS LIMITED

30 January 2015

*To the Shareholders and, for information only, holders of share options*

Dear Sir or Madam,

**(1) SPECIAL DEAL, DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF AND SALE LOAN DUE BY VASTWOOD LIMITED INVOLVING OFF-MARKET BUY-BACK OF SHARES IN RICHFIELD GROUP HOLDINGS LIMITED;**
**(2)APPLICATION FOR WHITEWASH WAIVER;**
**(3) PROPOSED CHANGE OF COMPANY NAME; AND**
**(4) PROPOSED AMENDMENT AND RESTATEMENT OF MEMORANDUM AND ARTICLES OF ASSOCIATION**

## INTRODUCTION

Reference is made to the Circular in relation to, among other things, the Disposal, the Share Repurchase, the Whitewash Waiver, the Name Change and the proposed amendment and restatement of the Memorandum and Articles of Association.



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The purpose of this supplemental circular is to supplement the Circular and provide the Shareholders with certain additional information in respect of the Share Repurchase as required under Schedule III to The Codes on Takeovers and Mergers and Share Buy-backs, which was inadvertently omitted in the Circular. This supplemental circular should be read in conjunction with the Circular.

## FINANCIAL EFFECTS OF THE DISPOSAL AND THE SHARE REPURCHASE

### (i) Earnings per Share

As disclosed in the annual report of the Company for the year ended 30 June 2014, the Group recorded audited consolidated net profit attributable to the Shareholders of approximately HK$10.5 million and basic and diluted earnings per Share of approximately HK$0.003 for the year ended 30 June 2014. As disclosed in the Circular, for the year ended 30 June 2014, the audited loss after tax of the Vastwood Group (excluding the East Up Group) was approximately HK$193.01 million; the audited profit after tax of the East Up Group was approximately HK$0.03 million; and the audited loss after tax of Brilliant Icon (49% interest) was approximately HK$0.85 million. Excluding such profit/loss after tax, the Remaining Group would record consolidated net profit attributable to the Shareholders for the year ended 30 June 2014 of approximately HK$204.3 million.

As illustrated in the unaudited pro forma earnings/(loss) per Share of the Remaining Group set out in Appendix I to this supplemental circular, assuming completion of the Disposal and the Share Repurchase had taken place on 1 July 2013, the Remaining Group would record consolidated net loss attributable to the Shareholders of approximately HK$134.9 million and basic and diluted loss per Share of approximately HK$0.0496 for the year ended 30 June 2014. Such pro forma loss is mainly due to the estimated loss as a result of the Disposal and the Share Repurchase of approximately HK$339.2 million as explained below.

Based on the allocation mechanism for the consideration illustrated in the unaudited pro forma earnings/(loss) per Share of the Remaining Group set out in Appendix I to this supplemental circular, the consideration of approximately HK$167.0 million and HK$0.2 million are allocated to the disposal of 100% interest in the Vastwood Group (including the East Up Group) and 49% interest in Brilliant Icon, respectively. The difference between the consideration received for the disposal of 49% interest in Brilliant Icon and the amount by which the 49% non-controlling interests of Brilliant Icon are adjusted is recognised directly in the Group's equity. It is expected that the Group will record a loss of approximately HK$339.2 million on the Disposal after deducting estimated transaction costs, which is calculated as the consideration of approximately HK$167.0 million (which is the portion of the market value of the 760,000,000 Repurchase Shares based on the closing price of HK$0.220 per Share as at 1 July 2013 allocated to the disposal of the Vastwood Group (including the East Up Group)) less (i) the audited net asset value of the Vastwood Group (excluding the East Up Group) as at 30 June 2013 of approximately HK$141.1 million and the audited net asset value of the East Up Group as at 30 June 2013 of approximately HK$45.3 million; (ii) the amount due from the Vastwood Group (excluding the East Up Group) and the East Up Group to the Remaining Group as at 30 June 2013 of approximately HK$316.1 million; and (iii) the estimated transaction costs of approximately HK$3.7 million relating to the Disposal, as if the Disposal and the Share Repurchase had been completed on 1 July 2013.

**The unaudited pro forma loss per Share of the Remaining Group as calculated above is prepared by the Directors for illustrative purposes only on the assumption that the Disposal and the Share Repurchase were completed on 1 July 2013. Shareholders should note that the actual amount of the earnings/(loss) per Share of the Remaining Group after the Disposal and the Share Repurchase will be determined based on the actual profit/(loss) of the Remaining Group, the actual gain or loss resulting from the Disposal and the Share Repurchase and the actual weighted average number of Shares, and may be different from the pro forma loss per Share of the Remaining Group as calculated above.**

Please refer to the unaudited pro forma earnings/(loss) per Share of the Remaining Group and the accountant's report thereon issued by BDO Limited set out in Appendix I to this supplemental circular for further details.

**(ii) Liabilities**

As at 30 June 2014, the audited consolidated total liabilities of the Group were approximately HK$515.2 million while the audited consolidated total liabilities (excluding intra-group balances) of the Vastwood Group (excluding the East Up Group) and the East Up Group were approximately HK$171.3 million and HK$2.4 million, respectively. As a result of the Disposal and the Share Repurchase, the consolidated total liabilities of the Group are expected to be reduced by the amount of the consolidated total liabilities (excluding intra-group balances) of the Vastwood Group (excluding the East Up Group) and the East Up Group.

**(iii) Working capital**

As at 30 June 2014, the audited consolidated cash and bank balances of the Group were approximately HK$734.1 million while the audited consolidated cash and bank balances of the Vastwood Group (exccluding the East Up Group) and the East Up Group were approximately HK$30.0 million and HK$3.4 million, respectively. As a result of the Disposal and the Share Repurchase, the working capital of the Group is expected to be reduced by the amount of cash and bank balances of the Vastwood Group (excluding the East Up Group) and the East Up Group, and the estimated transaction costs relating to the Disposal and the Share Repurchase of approximately HK$3.7 million.

The Directors are of the view that the Disposal and the Share Repurchase will not have material adverse effect on the working capital of the Remaining Group, and the Remaining Group will have sufficient working capital to meet its normal operating requirement after Completion.

(iv) **Net asset value**

Based on the unaudited pro forma statement of net asset of the Remaining Group as set out in Appendix II to the Circular, the unaudited pro forma net asset value of the Remaining Group attributable to the Shareholders is expected to be approximately HK$1,245.6 million, equivalent to approximately HK$0.458 per Share, as if the Disposal and the Share Repurchase had been completed on 30 June 2014. The unaudited pro forma statement of net asset of the Remaining Group together with the reports issued by BDO Limited and Optima Capital Limited contained in the Circular are reproduced in Appendix I to this supplemental circular.

**The unaudited pro forma net asset value of the Remaining Group above is prepared by the Directors for illustrative purposes only on the assumption that the Disposal and the Share Repurchase were completed on 30 June 2014. Shareholders should note that the actual amount of net asset value of the Remaining Group after the Disposal and the Share Repurchase will be determined based on the actual net asset/liability value of the Vastwood Group, the actual amount of the Sale Loan as at Completion and the actual transaction costs relating to the Disposal and the Share Repurchase, and may be different from the pro forma net asset value of the Remaining Group above.**

## MATERIAL CHANGE

(i) In September 2014, the Group fully repaid to the bank the mortgage loan in respect of its investment properties located at Kimberley Road, Tsim Sha Tsui. The repayment amount of approximately HK$86.0 million which comprised principal of approximately HK$85.8 million and interest of HK$0.2 million was financed by the Group's internal resources;

(ii) during the financial year ended 30 June 2014, the Group's property development business generated a revenue of approximately HK$491.7 million from the disposal of its entire interest in a property development project in London. There was no sale of property under development subsequent to 30 June 2014 and up to and including the New Latest Practicable Date, and therefore no revenue was generated from the property development business subsequent to 30 June 2014; and

(iii) on 11 December 2014, the Company entered into the Agreement with RHL and Mr. Au in relation to the Disposal, the Share Repurchase and the Whitewash Waiver, details of which are set out in letter from the Board contained in the Circular and this supplemental circular.

Save as disclosed above, the Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 30 June 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the New Latest Practicable Date.

## OTHER DISCLOSURES

(i) Save for (i) the 248,000 Shares held by Mr. Ngan Man Ho (an executive Director); and (ii) the share options to subscribe for 8,000,000 Shares held by the Directors (details of which are disclosed in the paragraph headed "Shareholding structure of the Company" in the letter from the Board contained in the Circular), none of the Directors and persons acting in concert with them was interested in any relevant securities in the Company as at the New Latest Practicable Date and none of them had dealt in any relevant securities in the Company during the Relevant Period.

(ii) As at the New Latest Practicable Date, no person had irrevocably committed themselves to vote in favour of or against the resolution approving the Share Repurchase at the EGM or any adjournment thereof.

(iii) None of Virtue Partner, Mr. Pong and RHL, being Shareholders holding 10% or more of the issued share capital of the Company as at the New Latest Practicable Date, had dealt in any relevant securities in the Company during the Relevant Period.

(iv) None of the Directors and persons acting in concert with them had borrowed or lent any relevant securities in the Company as at the New Latest Practicable Date and none of them had dealt in any relevant securities in the Company during the Relevant Period.

(v) To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, it is the intention of Mr. Ngan Man Ho, an executive Director, to vote in favour of the resolution approving the Share Repurchase at the adjourned EGM in respect of the 248,000 Shares held by him. Virtue Partner, Mr. Pong and RHL, being Shareholders holding 10% or more of the issued share capital of the Company, are required to abstain from voting on the resolution approving the Share Repurchase.

(vi) The Company had not bought back any Shares since 30 June 2014 (being the end of the last financial year of the Company) and during the 12-month period immediately preceding the date of the Circular up to and including the New Latest Practicable Date.

(vii) There had been no re-organisation of capital of the Company during the two financial years preceding the date of the Announcement.

(viii) The Company had not issued any Shares during the two-year period immediately preceding the date of the Announcement.

(ix) Depending on the future results and financial position of the Group, the Company may declare dividends as and when it considers appropriate. The Board does not expect the Share Repurchase to have any adverse effect on the ability of the Company to pay dividends or on the dividend policy of the Company.

## ADJOURNMENT OF THE EGM

In order to allow sufficient time for the Shareholders to read this supplemental circular, the chairman of the EGM will propose to adjourn the EGM at the EGM to be held on 4 February 2015, and if so consented to by the Shareholders at the EGM, the EGM will be adjourned to a time, date and place to be determined by the meeting and further notified by the Company. Further announcement will be made by the Company as regards the details of the adjourned EGM in due course.

## ADDITIONAL INFORMATION

Taking into account the additional information disclosed in this supplemental circular, Veda Capital confirmed that there has been no change to its recommendation to the Independent Shareholders, the Listing Rules IBC and the Takeovers Code IBC on the Agreement and the transactions contemplated thereunder, including the Disposal, the Share Repurchase and the Whitewash Waiver, as set out in the letter from Veda Capital contained in the Circular.

All the information disclosed in the Circular remains unchanged and valid as at the New Latest Practicable Date.

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

By order of the Board
**RICHFIELD GROUP HOLDINGS LIMITED**

**Lee Wing Yin**
*Executive Director*