



12 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 announcements of the Company dated 11 December 2014 and 6 January 2015 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, respectively.

On 11 December 2014, the Company entered into the Agreement with RHL and Mr. Au, pursuant to which (i) the Company conditionally agreed to sell and RHL conditionally agreed to purchase the Sale Share and the Sale Loan at the consideration of approximately HK\$269.2 million; and (ii) the Company conditionally agreed to repurchase and RHL conditionally agreed to sell 760,000,000 Repurchase Shares at the consideration of approximately HK\$269.2 million, which is equivalent to the consideration for the Disposal. The 760,000,000 Repurchase Shares will be cancelled immediately after Completion.

The Share Repurchase constitutes an off-market share buy-back under the Share Buy-backs Code. Immediately after Completion, the shareholding interest of Virtue Partner and parties acting in concert with it (including Mr. Pong) in the Company will be increased from approximately 37.06% (as at the Latest Practicable Date) to approximately 47.41%. In this regard, Virtue Partner has made an application to the Executive for the Whitewash Waiver.

The Disposal constitutes a special deal of the Company under Rule 25 of the Takeovers Code. In addition, the Disposal and the Share Repurchase constitute a connected and discloseable transaction of the Company under the Listing Rules. The Disposal, the Share Repurchase and the Whitewash Waiver are subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll.

The Board proposes to change the name and dual foreign name of the Company from "Richfield Group Holdings Limited 田生集團有限公司" to "Winfull Group Holdings Limited 宏輝集團控股有限公司". The Name Change is subject to Completion, approval by the Shareholders at the EGM and approval by the Registrar of Companies in the Cayman Islands.

In view of the Name Change, the Board also proposes to amend and restate the Memorandum and Articles of Association to reflect the Name Change. The proposed amendment and restatement of the Memorandum and Articles of Association is subject to the passing of a special resolution for the Name Change by the Shareholders at the EGM, and the new name and dual foreign name of the Company being entered in the register of companies maintained by the Registrar of Companies in the Cayman Islands.

The purpose of this circular is to provide you with, among other things, further details regarding the Disposal, the Share Repurchase, the Whitewash Waiver, the Name Change and the proposed amendment and restatement of the Memorandum and Articles of Association in accordance with the Takeovers Code, the Share Buy-backs Code and the Listing Rules.

## **THE AGREEMENT**

### **Date**

11 December 2014

### **Parties**

- (i) The Company;
- (ii) RHL; and
- (iii) Mr. Au, as RHL's guarantor to guarantee the due and punctual performance of RHL's obligations under the Agreement.

RHL is incorporated in the Republic of Marshall Islands with limited liability and is wholly and beneficially owned by Mr. Au. The principal business activity of RHL is investment holding. As at the Latest Practicable Date, RHL is beneficially interested in 760,000,000 Shares, representing approximately 21.85% of the issued share capital of the Company. Accordingly, RHL is a substantial Shareholder and each of RHL and Mr. Au is a connected person of the Company.

### **Subject matter**

Pursuant to the Agreement, (i) the Company conditionally agreed to sell and RHL conditionally agreed to purchase the Sale Share and the Sale Loan; and (ii) the Company conditionally agreed to repurchase and RHL conditionally agreed to sell 760,000,000 Repurchase Shares. The Sale Share represents the entire issued share capital of Vastwood whereas the Sale Loan represents the amount due from the Vastwood Group to the Remaining Group as at Completion. As at 30 June 2014, the Vastwood Group was indebted to the Remaining Group in the amount of approximately HK\$275.7 million. Further details of the Vastwood Group are set out in the section headed "Information on the Vastwood Group" below.

The 760,000,000 Repurchase Shares represent approximately 21.85% of the issued share capital of the Company as at the Latest Practicable Date. The Repurchase Shares shall be acquired by the Company free from all liens, charges and encumbrances and together with all rights attaching thereto as at Completion including all dividends and distributions declared, made or paid thereafter.

### **Consideration for the Disposal and the Share Repurchase**

The consideration for the Disposal is approximately HK\$269.2 million and will be settled by RHL by way of selling 760,000,000 Repurchase Shares to the Company at Completion. The consideration for the Disposal is equivalent to (i) the amount due from the Vastwood Group to the Remaining Group as at 30 June 2014; less (ii) the unaudited net liability value of the Vastwood Group as at 30 June 2014, and was determined after arm's length negotiation taking into account the nature of business of the Vastwood Group, the financial performance of the Vastwood Group during the past years and the market values of the properties held by the Vastwood Group as at 30 June 2014.

The consideration for the Share Repurchase is approximately HK\$269.2 million (which is equivalent to the consideration for the Disposal) and will be settled by the Company by way of selling the Sale Share and the Sale Loan to RHL at Completion. The consideration for the Share Repurchase was determined after arm's length negotiations between the parties to the Agreement with reference to (i) the prevailing market price of the Shares (in particular, the average of the closing prices of the Shares for the last 10 trading days up to and including 11 December 2014 (the date of the Agreement) of approximately HK\$0.355 per Share); and (ii) the audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$0.436 per Share as at 30 June 2014.

The consideration for the Disposal and the Share Repurchase shall be set off against each other at Completion.

#### **The Repurchase Price**

The Repurchase Price is calculated by dividing the consideration for the Share Repurchase by the number of Repurchase Shares of 760,000,000 and is equivalent to approximately HK\$0.354 per Repurchase Share.

The Repurchase Price of approximately HK\$0.354 per Repurchase Share represents:

- (i) a discount of approximately 10.4% to the closing price of HK\$0.395 per Share as quoted on the Stock Exchange on 11 December 2014, being the date of the Agreement;
- (ii) a discount of approximately 4.1% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five trading days up to and including 11 December 2014 of approximately HK\$0.369 per Share;
- (iii) a discount of approximately 0.3% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 10 trading days up to and including 11 December 2014 of approximately HK\$0.355 per Share;
- (iv) a premium of approximately 12.4% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 trading days up to and including 11 December 2014 of approximately HK\$0.315 per Share;
- (v) a premium of approximately 16.1% over the closing price of HK\$0.305 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) a discount of approximately 18.8% to the audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$0.436 per Share (based on the audited consolidated net assets attributable to the Shareholders of approximately HK\$1,518 million as at 30 June 2014 and 3,478,500,000 Shares in

issue as at 30 June 2014); and

- (vii) a discount of approximately 14.7% to the audited consolidated net tangible asset value of the Group attributable to the Shareholders of approximately HK\$0.415 per Share (based on the audited consolidated net tangible assets attributable to the Shareholders of approximately HK\$1,445 million as at 30 June 2014 and 3,478,500,000 Shares in issue as at 30 June 2014).

### Conditions precedent

Completion is conditional upon the fulfillment of the following conditions:

- (i) the passing by the Independent Shareholders at the EGM of the necessary resolutions, including (a) by at least 75% of the votes cast by all Independent Shareholders the ordinary resolution to approve the Agreement (including but not limited to the sale and purchase of the Sale Share and the Sale Loan, and the Share Repurchase); and (b) the ordinary resolution to approve the Whitewash Waiver, by way of poll in accordance with the requirements of the Share Buy-backs Code, the Takeovers Code, the Listing Rules and other applicable laws and regulations;
- (ii) the grant of the Whitewash Waiver by the Executive;
- (iii) the consent of the Executive in relation to the Agreement and the transactions contemplated thereunder as a “special deal” under Rule 25 of the Takeovers Code having been obtained and not having been revoked prior to Completion;
- (iv) if necessary, the approval by the Executive for the Share Repurchase to be made by the Company pursuant to the Agreement having been granted pursuant to Rule 2 of the Share Buy-backs Code and remaining in full force and effect and any condition(s) to which such approval is/are subject to having been satisfied in all respects;
- (v) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect;
- (vi) the Company having sufficient reserves to effect the Share Repurchase;
- (vii) the representations, undertakings and warranties provided by the Company under the Agreement remaining true and accurate in all respects; and
- (viii) the representations, undertakings and warranties provided by RHL under the Agreement remaining true and accurate in all respects.

The aforesaid conditions are incapable of being waived by the parties to the Agreement. If the aforesaid conditions have not been satisfied on or before 30 June 2015, or such other date as the Company and RHL may agree, the Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other under the Agreement save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, condition (vi) above has been fulfilled.

### **Completion**

Completion shall take place on the date falling on the fifth Business Day after the fulfillment of the conditions precedent (or such other date as the parties to the Agreement may mutually agree).

Upon Completion, Vastwood will cease to be a subsidiary of the Company and the results, assets and liabilities of the Vastwood Group will no longer be consolidated into the financial statements of the Group. RHL will cease to hold any Shares upon Completion.

Upon Completion, the Repurchase Shares shall be cancelled and any rights attached thereto shall cease with effect from the date of Completion.

### **Change of name of the Company**

Subject to Completion, the Company has irrevocably undertaken under the Agreement to change its name to a new name that does not contain the words or expression "Richfield" or any other similar words or expressions or any colourable intimation thereof, such change to be effective as soon as practicable after Completion but in any event not later than six months after the date of Completion. Please refer to the paragraph headed "Proposed change of Company name" below for further details.

### **INFORMATION ON THE VASTWOOD GROUP**

Vastwood is an investment holding company incorporated in the BVI with limited liability and is a wholly-owned subsidiary of the Company. The Vastwood Group is principally engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopments and property trading in Hong Kong. The Vastwood Group collaborates with major property developers in the implementation of property assembly schemes for old and run down buildings in urban districts for redevelopment.

As at 30 June 2014, each of Vastwood and East Up was a direct wholly-owned subsidiary of the Company whereas Brilliant Icon was an indirect wholly-owned subsidiary of the Company. In order to facilitate the Disposal, the Group underwent a corporate reorganisation before the signing of the Agreement, as a result of which East Up has become a wholly-owned subsidiary of Vastwood and 49% interest in Brilliant Icon was transferred to the Vastwood Group (the "**Reorganisation**"). The remaining 51% interest in Brilliant Icon is held by the Remaining Group. The Vastwood Group (other than the East

Up Group) is engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopments; the East Up Group is engaged in property trading; and Brilliant Icon holds an investment property with a construction in progress of an rooftop advertisement signboard. The Vastwood Group is currently reviewing, monitoring and engaging in various property assembly projects which are mainly located in Hong Kong Island and Kowloon. The property projects located in Hong Kong Island are mainly in Sheung Wan, Causeway Bay, Western District, Quarry Bay and Aberdeen, etc. while those located in Kowloon are mainly in Mong Kok, Sham Shui Po, Tai Kok Tsui, Ho Man Tin, Kwun Tong, To Kwa Wan, Hunghom and Kowloon City, etc.

Since the Reorganisation was completed subsequent to 30 June 2014, the audited consolidated financial information of Vastwood as at 30 June 2014 which were prepared in accordance with the Hong Kong Financial Reporting Standards included only the financial information of Vastwood and its subsidiaries existed as at 30 June 2014. For illustration purpose, the audited financial information of the Vastwood Group (excluding the East Up Group), the East Up Group and Brilliant Icon are set out as follows:

	<b>For the year ended 30 June</b>	
	<b>2013</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit/(Loss) before tax</b>		
The Vastwood Group (excluding the East Up Group)	(190,585)	(191,414)
The East Up Group	8,004	(8)
Brilliant Icon (49% interest)	88	(847)
	<u>(182,493)</u>	<u>(192,269)</u>
<b>Profit/(Loss) after tax</b>		
The Vastwood Group (excluding the East Up Group)	(194,098)	(193,013)
The East Up Group	7,407	28
Brilliant Icon (49% interest)	88	(847)
	<u>(186,603)</u>	<u>(193,832)</u>

As at 30 June  
2014  
HK\$'000

**Net asset/(liability) value**

The Vastwood Group (excluding the East Up Group)	(51,871)
The East Up Group	45,349
Brilliant Icon (49% interest)	(559)
	<hr/>
	(7,081)
	<hr/> <hr/>

**FINANCIAL EFFECTS OF THE DISPOSAL AND THE SHARE REPURCHASE**

As a result of the Disposal, the Company will effectively dispose of 100% interest in the Vastwood Group (including 100% interest in the East Up Group) and 49% interest in Brilliant Icon. The remaining 51% interest in Brilliant Icon will still be held by the Remaining Group and the Company will continue to have control over Brilliant Icon. As such, the difference between the amount by which the 49% non-controlling interests of Brilliant Icon are adjusted and the fair value of the consideration received is recognised directly in the Group's equity.

As illustrated in the unaudited pro forma statement of net asset of the Remaining Group set out in Appendix II to this circular, it is expected that the Group will record a loss of approximately HK\$107.1 million on the Disposal after the estimated transaction costs, which is calculated with reference to the fair value of consideration of approximately HK\$165.7 million (which is the market value of the 760,000,000 Repurchase Shares of HK\$0.218 per Share as at 30 June 2014) less (i) the audited net liability value of the Vastwood Group (excluding the East Up Group) as at 30 June 2014 of approximately HK\$51.9 million and the audited net asset value of the East Up Group as at 30 June 2014 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 2014 of approximately HK\$275.7 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 30 June 2014.

The unaudited pro forma loss calculated above is prepared by the Directors for illustrative purposes only. Shareholders should note that the actual amount of gain or loss from the Disposal will be determined based on the closing price of the Shares, the net asset/liability value of the Vastwood Group and the actual amount of the Sale Loan as at Completion, and the actual transaction costs relating to the Disposal, and may be different from the expected loss as calculated above.

Please also refer to the unaudited pro forma financial information of the Remaining Group and the accountant's report thereon issued by BDO Limited set out in Appendix II to this circular and the report issued by Optima Capital Limited on the expected loss above contained in Appendix III to this circular.

Based on the allocation mechanism for the consideration illustrated in the unaudited pro forma statement of net asset of the Remaining Group set out in Appendix II to this circular, nil consideration is allocated to Brilliant Icon. The disposal of 49% interest in Brilliant Icon is expected to result in a credit of approximately HK\$0.6 million to the equity attributable to the Shareholders and a debit of approximately HK\$0.6 million to non-controlling interest under equity directly.

As a result of the Disposal and the Share Repurchase, the net asset value of the Group, attributable to the Shareholders will be decreased by approximately HK\$272.8 million, from approximately HK\$1,518.4 million as at 30 June 2014 (which is extracted from the Group's audited financial statements for the year ended 30 June 2014 set out in Appendix I to this circular) to approximately HK\$1,245.6 million, and the net asset value attributable to the Shareholders will be improved by approximately HK\$0.022 per Share, from approximately HK\$0.436 per Share as at 30 June 2014 to approximately HK\$0.458 per Share, as if the Disposal and the Share Repurchase had been completed on 30 June 2014.

### **REASONS FOR THE DISPOSAL**

The Group is principally engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopment, property investment and trading and property development.

As disclosed in the annual reports of the Company for the years ended 30 June 2013 and 2014, the Hong Kong Government sustains its effort of raising flat supply through land sale program and other terms of land supply sources. Besides, since the Hong Kong government introduced various demand management measures (e.g. the introduction of Buyer's Stamp Duty and the Special Stamp Duty, the increase in Ad Valorem Stamp Duty rates and the tightening of terms of mortgage lending) to curb property prices for both residential and non-residential properties, the transaction volume of properties slowed down notably. As a result, property owners and developers stayed on the sideline, awaiting for further changes and tendency of the market. Furthermore, the lowering of compulsory auction sales threshold of old building from ownership of not less than 90% to not less than 80% since 1 April 2010 also stimulated the growth of the overall acquisition price of old buildings by landlords and owners. The increment of land supply, the high acquisition price as well as the demand management measures introduced by the government affect the plans of developers, and in turn has seriously challenged the property assembly and brokerage business of the Group.

As disclosed in the annual reports of the Company, for each of the two years ended 30 June 2013 and 2014, turnover from the Group's property assembly and brokerage business declined by approximately 34.7% and approximately 36.9% from the preceding financial year respectively. The property assembly and brokerage business of the Group also recorded audited segment losses of approximately HK\$189 million and HK\$191 million (including impairment loss on goodwill of HK\$203 million and HK\$198 million) for each of the two years ended 30 June 2013 and 2014 respectively, as compared with an audited segment profit of approximately HK\$29 million in 2012. In view of the arduous business environment of the property assembly and brokerage business in Hong Kong, the



Directors consider that the Disposal provides the Group with an exit opportunity to realise its investment in the property assembly and brokerage business the prospect of which is uncertain, and to focus on other businesses which can contribute better returns to the Group.

The business of the Vastwood Group was acquired by Vastwood from RHL in 2007 for the consideration of HK\$597 million which comprised convertible bonds in the principal amount of HK\$456 million, promissory note in the principal amount of HK\$120 million and cash in the amount of HK\$21 million (the “2007 Acquisition”). RHL and Mr. Au had guaranteed (the “Profit Guarantee”) that the profits to be generated from such business for the 12-month period following completion (the “Guarantee Period”) would reach certain amount (the “Guaranteed Profit”). If the Guaranteed Profit could not be reached, the consideration shall be adjusted downwards based on the shortfall. In view of the expected failure to meet the Profit Guarantee, Vastwood, RHL and Mr. Au entered into a settlement agreement in June 2008 pursuant to which, among other things, the Guaranteed Profit was revised and the Guarantee Period was extended. In return, RHL had returned to the Company the promissory note in the principal amount of HK\$120 million (together with interest accrued thereto) for cancellation. The 760,000,000 Repurchase Shares were issued to RHL upon full conversion of the convertible bonds. As a result of the 2007 Acquisition and the aforesaid settlement, the Group recognised a goodwill of HK\$474 million. As mentioned above, the Vastwood Group recorded impairment loss on goodwill of HK\$203 million and HK\$198 million for each of the two years ended 30 June 2013 and 2014 due to the deteriorating market condition and performance of the property brokerage and assembly business of the Group. The carrying value of the goodwill in the financial statements of the Vastwood Group as at 30 June 2014 was HK\$73 million.

Having considered that (i) the promissory note in the principal amount of HK\$120 million had been returned to the Company for cancellation pursuant to the settlement agreement; (ii) the Vastwood Group had recorded total impairment losses on goodwill of approximately HK\$401 million subsequent to the 2007 Acquisition; and (iii) the sum of the net liability value of the Vastwood Group and the amount due from the Vastwood Group to the Remaining Group as at 30 June 2014 approximates the value of the Repurchase Shares based on the prevailing market price of the Shares, the Directors consider it commercially reasonable to settle the consideration for the Disposal by way of the Company repurchasing and cancelling the Repurchase Shares.

The Vastwood Group is currently engaged in the provision of property brokerage services, and carrying out schemes for property consolidation and assembly while the Remaining Group does not carry out any of these business activities. Upon Completion, the Remaining Group will be principally engaged in property investment and trading and property development. Although the Remaining Group will continue the existing employment of an experienced management team with in-depth knowledge in providing property brokerage services and carrying out schemes for property consolidation and assembly and it holds the necessary licenses to conduct such business activities, it does not have any current intention/plan to engage in such business activities. Currently, the Remaining Group owns shops at ground floor and mezzanine floor located at Kimberley Road, Tsim Sha Tsui and a roof top with advertising signage in North Point for lease.

Besides, it is currently engaged in a property development project in Hong Kong, i.e. 51% interest in the project located at Nos. 142–154 Carpenter Road, Kowloon. In addition, the Remaining Group has a 30% interest in a project located at Nos. 18–32 Junction Road, Kowloon. Please refer to the property valuation report contained in Appendix IV to this circular for further details of the property interests held by the Group.

Having considered the above, the Directors are of the view that the terms of the Agreement are fair and reasonable, and the Disposal, the Share Repurchase and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole.

#### SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structures of the Company (i) as at the Latest Practicable Date; and (ii) immediately after Completion (assuming that there is no change in the issued share capital of the Company since the Latest Practicable Date and up to the date of Completion):

	(i) As at the Latest Practicable Date		(ii) Immediately after Completion	
	<i>Number of Shares</i>	<i>approx. %</i>	<i>Number of Shares</i>	<i>approx. %</i>
Mr. Pong	352,176,000	10.13	352,176,000	12.95
Virtue Partner (Note 1)	936,794,000	26.93	936,794,000	34.46
Subtotal	1,288,970,000	37.06	1,288,970,000	47.41
RHL (Note 2)	760,000,000	21.85	–	–
Mr. Ngan Man Ho (Note 3)	248,000	0.01	248,000	0.01
Public Shareholders	2,049,218,000	58.92	1,289,218,000	47.42
	1,429,282,000	41.08	1,429,282,000	52.58
<b>Total</b>	<b>3,478,500,000</b>	<b>100.00</b>	<b>2,718,500,000</b>	<b>100.00</b>

*Notes:*

1. Virtue Partner is a company wholly and beneficially owned by Mr. Pong.
2. RHL is a company wholly and beneficially owned by Mr. Au.
3. Mr. Ngan Man Ho is an executive Director.

As at the Latest Practicable Date, other than the 3,478,500,000 Shares in issue, the Company also has outstanding share options granted under its share option scheme entitling the holders thereof to subscribe for a total of 58,400,000 Shares. The share options are held by:

<b>Option holders</b>	<b>Number of Shares entitled to subscribe for</b>
Mr. Pong	42,000,000 ( <i>Note 1</i> )
Mr. Au	8,400,000 ( <i>Note 2</i> )
The Directors	8,000,000 ( <i>Note 3</i> )

*Notes:*

1. These comprise options entitling Mr. Pong to subscribe for (i) 8,400,000 Shares at the subscription price of HK\$0.59 per Share during the period from 9 July 2010 to 8 July 2015; (ii) 11,000,000 Shares at the subscription price of HK\$0.395 per Share during the period from 26 October 2012 to 25 October 2017; and (iii) 22,600,000 Shares at the subscription price of HK\$0.221 per Share during the period from 3 June 2014 to 2 June 2024.
2. These comprise options entitling Mr. Au to subscribe for 8,400,000 Shares at the subscription price of HK\$0.395 per Share during the period from 26 October 2012 to 25 October 2017.
3. These comprise options entitling the Directors to subscribe for (i) 6,000,000 Shares at the subscription price of HK\$0.395 per Share during the period from 26 October 2012 to 25 October 2017; and (ii) 2,000,000 Shares at the subscription price of HK\$0.221 per Share during the period from 3 June 2014 to 2 June 2024.

Save as disclosed above, as at the Latest Practicable Date, (i) parties acting in concert with the Company do not own or have control or direction over the shareholding interests of the Company; (ii) none of the Company and parties acting in concert with it has received any irrevocable commitment to vote in favour of the resolutions approving the Share Repurchase at the EGM; (iii) parties acting in concert with the Company do not hold any convertible securities, warrants or options of the Company; and (iv) parties acting in concert with the Company do not hold any outstanding derivative in respect of securities of the Company.

Save as disclosed above, as at the Latest Practicable Date, (i) Virtue Partner and parties acting in concert with it do not own or have control or direction over any other relevant securities of the Company; (ii) none of Virtue Partner and parties acting in concert with it has borrowed or lent any relevant securities of the Company; (iii) Virtue Partner and parties acting in concert with it do not hold any convertible securities, warrants or options of the Company; and (iv) Virtue Partner and parties acting in concert with it do not have any outstanding derivative in respect of securities of the Company.

As at the Latest Practicable Date, (i) none of Virtue Partner and parties acting in concert with it has received any irrevocable commitment to vote in favour of the resolutions approving the Disposal or the Whitewash Waiver at the EGM; (ii) there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of Virtue Partner and parties acting in concert with it which might be material to the Disposal or the Whitewash Waiver; and (iii) there is no agreement or arrangement to which the Company, Virtue Partner or parties acting in concert with it is party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Disposal or the Whitewash Waiver.

None of Virtue Partner and parties acting in concert with it has acquired any voting rights in the Company during the six-month period immediately prior to the date of the Agreement, up to and including the Latest Practicable Date.

#### **INTENTION OF VIRTUE PARTNER**

It is the intention of Virtue Partner to continue the existing businesses of the Remaining Group. Save for the Disposal, Virtue Partner does not intend to introduce any major changes in the existing businesses of the Remaining Group, including the continued employment of the employees of the Remaining Group and the redeployment of the fixed assets of the Group.

#### **PROPOSED CHANGE OF COMPANY NAME**

The Board proposes to change the name and dual foreign name of the Company from "Richfield Group Holdings Limited 田生集團有限公司" to "Winfull Group Holdings Limited 宏輝集團控股有限公司".

#### **Conditions**

The Name Change is subject to Completion, approval of the Shareholders by way of a special resolution at the EGM and approval of the Registrar of Companies in the Cayman Islands. Subject to satisfaction of the above conditions, the Name Change will take effect from the date on which the Registrar of Companies in the Cayman Islands enters the new name and dual foreign name of the Company in the register of companies maintained by the Registrar of Companies in the Cayman Islands. The Company will comply with the necessary filing procedures in Hong Kong and the Cayman Islands.

#### **Effects of the Name Change**

The Name Change will not, of itself, affect any of the rights of the Shareholders. All existing share certificates of the Company bearing the existing name of the Company will continue to be evidence of legal title to the Shares and valid for trading, settlement, registration and delivery purposes. Any new share certificates of the Company issued after the Name Change has become effective will bear the new name of the Company. There will not be any arrangement for free exchange of existing share certificates of the Company for new share certificates bearing the new name of the Company.

Upon the Name Change becoming effective, the Shares will be traded on the Stock Exchange under the new name and the Board intends to change the stock short name of the Company correspondingly.

The Company will make further announcement on the effective date of the Name Change and provide details of the change in the stock short name of the Company.

## **PROPOSED AMENDMENT AND RESTATEMENT OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION**

In view of the Name Change, the Board also proposed to amend and restate the Memorandum and Articles of Association to reflect the change of name and dual foreign name of the Company, with such amendments to take effect when the Name Change becomes effective.

At the EGM, a special resolution will be proposed for the Shareholders to consider and, if thought fit, approve, subject to the passing of a special resolution for the Name Change and the new name and dual foreign name of the Company being entered in the register of companies maintained by the Registrar of Companies in the Cayman Islands, the amendment to the Memorandum and Articles of Association by replacing all references to “Richfield Group Holdings Limited 田生集團有限公司” with “Winfull Group Holdings Limited 宏輝集團控股有限公司”.

The Company has been advised by its legal advisers that the proposed amendment and restatement of the Memorandum and Articles of Association are not inconsistent with the requirements of the Listing Rules and the laws of Hong Kong respectively. The Company also confirms that there is nothing unusual about the proposed amendment and restatement of the Memorandum and Articles of Association for a company listed on the Stock Exchange.

## **REGULATORY IMPLICATIONS**

### **Takeovers Code and Share Buy-backs Code**

The Share Repurchase constitutes an off-market share buy-back under the Share Buy-backs Code which must be approved by the Executive. Such approval will normally be conditional upon approval of the Share Repurchase by at least three-fourths of the votes cast on a poll by disinterested Shareholders in attendance in person or by proxy at the EGM.

As at the Latest Practicable Date, Virtue Partner is interested in 936,794,000 Shares, representing approximately 26.93% of the existing issued share capital of the Company, and Mr. Pong is interested in 352,176,000 Shares, representing approximately 10.13% of the existing issued share capital of the Company. The aggregate shareholding of Virtue Partner and parties acting in concert with it of 1,288,970,000 Shares represents approximately 37.06% of the issued share capital of the Company. Immediately after Completion, the shareholding interest of Virtue Partner in the Company will be increased to approximately 34.46% and the aggregate shareholding interest of Virtue Partner and parties acting in concert with it (including Mr. Pong) in the Company will be increased to approximately 47.41%.

Rule 32 of the Takeovers Code and Rule 6 of the Share Buy-backs Code provide that where, as a result of share repurchase, a shareholder's proportionate interest in the voting rights of the repurchasing company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, under

Rule 26 of the Takeovers Code, Virtue Partner would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares other than those already owned or agreed to be acquired by Virtue Partner and parties acting in concert with it. Virtue Partner would also be required under Rule 13 of the Takeovers Code to make comparable offers for all the share options of the Company not already owned or agreed to be acquired by Virtue Partner and parties acting in concert with it. In this regard, Virtue Partner has made an application to the Executive for the Whitewash Waiver and the Executive has agreed to grant the Whitewash Waiver, which will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll. The granting of the Whitewash Waiver is a condition precedent for Completion.

In addition, since the Disposal is an arrangement made between the Company and RHL, a substantial Shareholder, which is not capable of being extended to all Shareholders, the Disposal constitutes a special deal of the Company under Rule 25 of the Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to (i) an independent financial adviser publicly stating that in its opinion the terms of the Disposal are fair and reasonable; and (ii) the approval of the Disposal by the Independent Shareholders by way of poll at the EGM.

### **Listing Rules**

As the applicable percentage ratios in respect of the Disposal and the Share Repurchase exceed 5% but are less than 25%, the Disposal and the Share Repurchase constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. In addition, since RHL is a substantial Shareholder, the Disposal and the Share Repurchase also constitutes a connected transaction of the Company and is subject to the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Listing Rules IBC comprising Mr. Koo Fook Sun, Louis, Ms. Yeung Wing Yan, Wendy and Mr. Lung Hung Cheuk, being all the independent non-executive Directors, has been established in accordance with the Listing Rules to give a recommendation to the Independent Shareholders in respect of the Disposal and the Share Repurchase. The Takeovers Code IBC comprising Mr. Lai Hin Wing, Henry, Mr. Koo Fook Sun, Louis, Ms. Yeung Wing Yan, Wendy and Mr. Lung Hung Cheuk, being all the non-executive Director and independent non-executive Directors, has been established in accordance with the Takeovers Code to give a recommendation to the Independent Shareholders in respect of the Disposal, the Share Repurchase and the Whitewash Waiver. Veda Capital has been appointed by the Company with the approval of the Takeovers Code IBC as the independent financial adviser to advise the Takeovers Code IBC, the Listing Rules IBC and the Independent Shareholders in this regard.

None of the Directors has a material interest in the Disposal, the Share Repurchase or the Whitewash Waiver and therefore none of them is required to abstain from voting on the Board resolution approving the Agreement.

The voting in respect of the Disposal, the Share Repurchase and the Whitewash Waiver at the EGM will be conducted by way of a poll. As at the Latest Practicable Date, RHL, Mr. Pong and Virtue Partner are interested in 760,000,000, 352,176,000 and 936,794,000 Shares, representing approximately 21.85%, 10.13% and 26.93% of the issued share capital of the Company respectively. RHL, Mr. Au, Virtue Partner, Mr. Pong, their respective associates and parties acting in concert with any of them and those who are involved in or interested in the Disposal, the Share Repurchase and/or the Whitewash Waiver shall abstain from voting on the resolutions approving the Disposal, the Share Repurchase and the Whitewash Waiver at the EGM.

The Disposal, the Share Repurchase and the transactions contemplated under the Agreement shall be subject to, among other things, the passing of an ordinary resolution by the Independent Shareholders at the EGM according to the Memorandum and Articles of Association which only requires a simple majority of vote. However, in compliance with the Share Buy-backs Code and pursuant to the terms of the Agreement, the Agreement shall be subject to the approval by more than three-fourth of the votes cast by the Independent Shareholders at the EGM in order to become unconditional.

#### **RECOMMENDATION**

The Directors (including members of the Listing Rules IBC and the Takeovers Code IBC whose views have been set out in the letter from the Listing Rules IBC on pages 22 to 23 and the letter from the Takeovers Code IBC on pages 24 to 25 of this circular after taking into account the advice of Veda Capital) consider that the terms of the Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and the Disposal, the Share Repurchase and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder (including the Disposal, the Share Repurchase and the Whitewash Waiver).


The Directors believe that the Name Change and the proposed amendment and restatement of the Memorandum and Articles of Association are in the interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Name Change and the proposed amendment and restatement of the Memorandum and Articles of Association.

#### **ADDITIONAL INFORMATION**

Your attention is drawn to the letter from the Listing Rules IBC set out on pages 22 to 23 and the letter from the Takeovers Code IBC set out on pages 24 to 25 of this circular which contain their recommendation to the Independent Shareholders as to voting at the EGM and the letter from Veda Capital set out on pages 26 to 43 of this circular which contain its advice to the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder (including the Disposal, the Share Repurchase and the Whitewash Waiver).

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

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



**Ngan Man Ho**  
*Executive Director*