



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

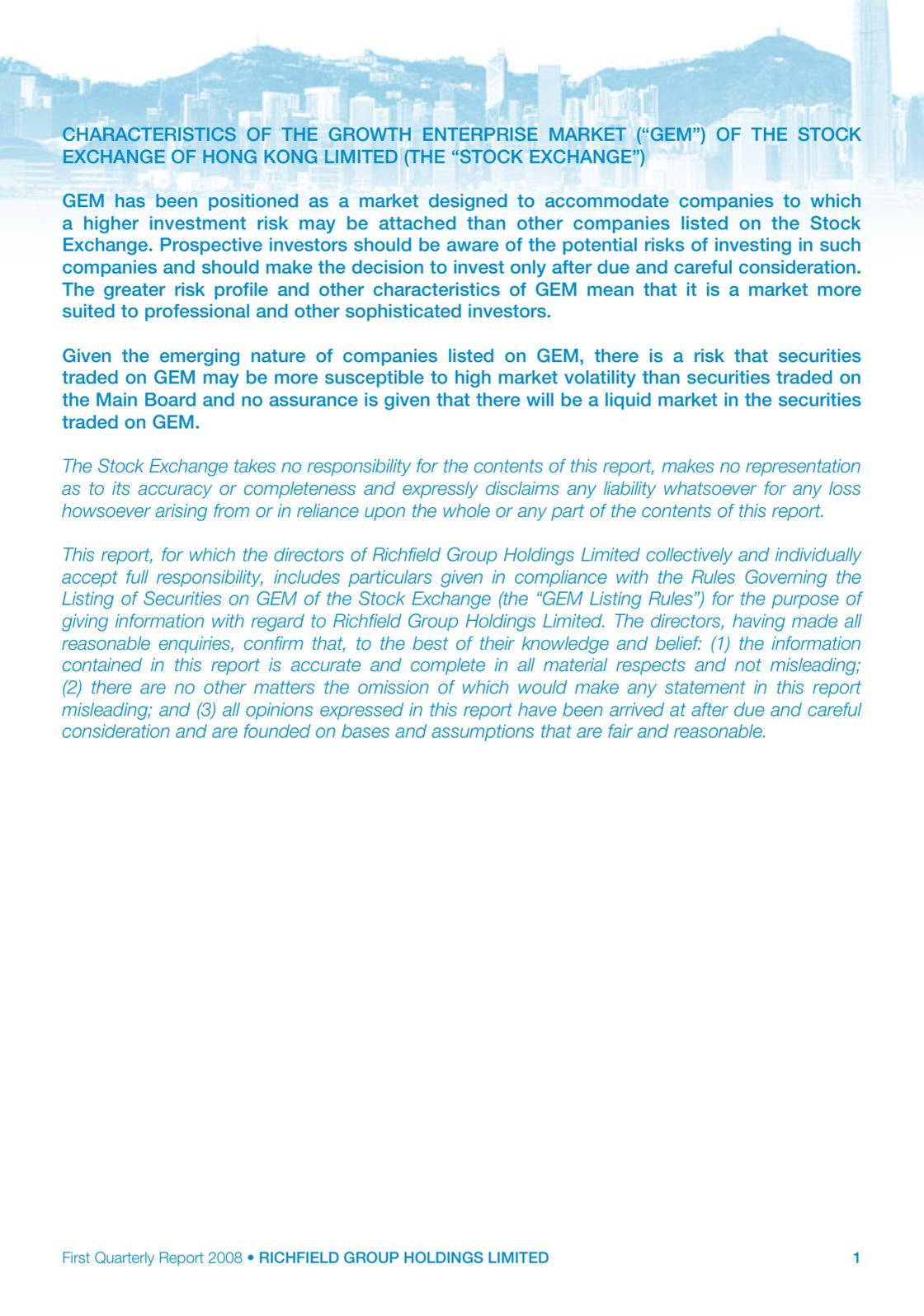
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8136)



2008/09

First Quarterly Report

* For identification purposes only



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.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of Richfield Group Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to Richfield Group Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FIRST QUARTERLY RESULTS (UNAUDITED)

The board of directors (the “Board”) of Richfield Group Holdings Limited (the “Company”) herein presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 30 June 2008 together with the comparative unaudited figures for the three months ended 30 June 2007 as follows:

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the three months ended 30 June 2008

	Notes	Three months ended 30 June	
		2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
REVENUE	3	20,997	37,173
Cost of sales		(11,118)	(23,437)
Gross profit		9,879	13,736
Other income	3	2,182	377
Selling and distribution expenses		(561)	(5,076)
Administrative expenses		(2,150)	(3,148)
OPERATING PROFIT		9,350	5,889
Finance costs	4	–	(1,618)
PROFIT BEFORE INCOME TAX		9,350	4,271
Income tax expense	5	(1,400)	(927)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		7,950	3,344
DIVIDEND	6	–	–
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	7		
Basic		HK0.27 cents	HK0.17 cents
Diluted		N/A	N/A

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2008

	Share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Convertible bond equity reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
2007					
At 1 April 2007	18,000	39,632	–	(22,908)	34,724
Issue of convertible bonds	–	–	149,101	–	149,101
Partial conversion of convertible bonds	4,250	250,750	(83,379)	–	171,621
Net profit for the period	–	–	–	3,344	3,344
At 30 June 2007	22,250	290,382	65,722	(19,564)	358,790
	Share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Convertible bond equity reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
2008					
At 1 April 2008	29,285	747,769	–	4,749	781,803
Net profit for the period	–	–	–	7,950	7,950
At 30 June 2008	29,285	747,769	–	12,699	789,753



NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. **GENERAL INFORMATION**

Richfield Group Holdings Limited (the "Company") was incorporated in the Cayman Islands on 10 January 2002 as an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Unit 1209, 12th Floor, Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Hong Kong. The Company's shares are listed on The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The subsidiaries (together with the Company referred to as the "Group") are principally engaged in the provision of property brokerage services, provision of schemes for property consolidation, assembly and redevelopment, property trading in Hong Kong, the trading of recycled computers and the trading of bags and accessories.

The unaudited consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. The first quarterly report also includes the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules").

The unaudited consolidated financial statements are presented in Hong Kong Dollars ("HK\$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("HK\$'000") unless otherwise stated.

2. **BASIS OF PRESENTATION**

The unaudited consolidated results have been prepared under the historical convention, except for financial assets at fair value through profit or loss which are stated at fair value.

The accounting policies adopted in the preparation of the unaudited consolidated results are consistent with those used in the annual financial statements of the Group for the year ended 31 March 2008.

All significant transactions and balances within the Group have been eliminated on consolidation.

3. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and net value of services rendered, after allowances for trade discounts. All significant transactions amongst the companies comprising the Group have been eliminated on consolidation. Revenue recognised during the period is as follows:

	Three months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Revenue		
Commission income from property assembly and brokerage services	15,422	7,500
Sales of recycled computers	2,618	17,648
Sales of bags and accessories	2,957	12,025
	20,997	37,173
Other income		
Interest income	1,311	152
Management income	–	150
Exchange gain, net	36	–
Fair value gain on financial assets at fair value through profit or loss	645	–
Sundry income	190	75
	2,182	377
	23,179	37,550

4. FINANCE COSTS

	Three months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Interests on bank loans wholly repayable within five years	–	3
Effective interest expense on convertible bonds	–	1,015
Effective interest expense on promissory notes	–	600
	–	1,618

5. **INCOME TAX EXPENSE**

Hong Kong profits tax has been provided at the rate of 16.5% (three months ended 30 June 2007: 17.5%) on the estimated assessable profit arising in Hong Kong for the current period.

Deferred tax had not been provided for the Group because the Group had no significant temporary differences at the balance sheet date (30 June 2007: Nil).

6. **DIVIDEND**

The Board does not recommend the payment of a dividend for the three months ended 30 June 2008 (three months ended 30 June 2007: Nil).

7. **EARNINGS PER SHARE**

The calculation of basic earnings per share for the three months ended 30 June 2008 is based on the unaudited profit attributable to equity holders of the Company for the three months ended 30 June 2008 of HK\$7,950,000 (three months ended 30 June 2007: HK\$3,344,000) and the weighted average number of 2,928,500,000 shares (three months ended 30 June 2007: 1,940,109,890).

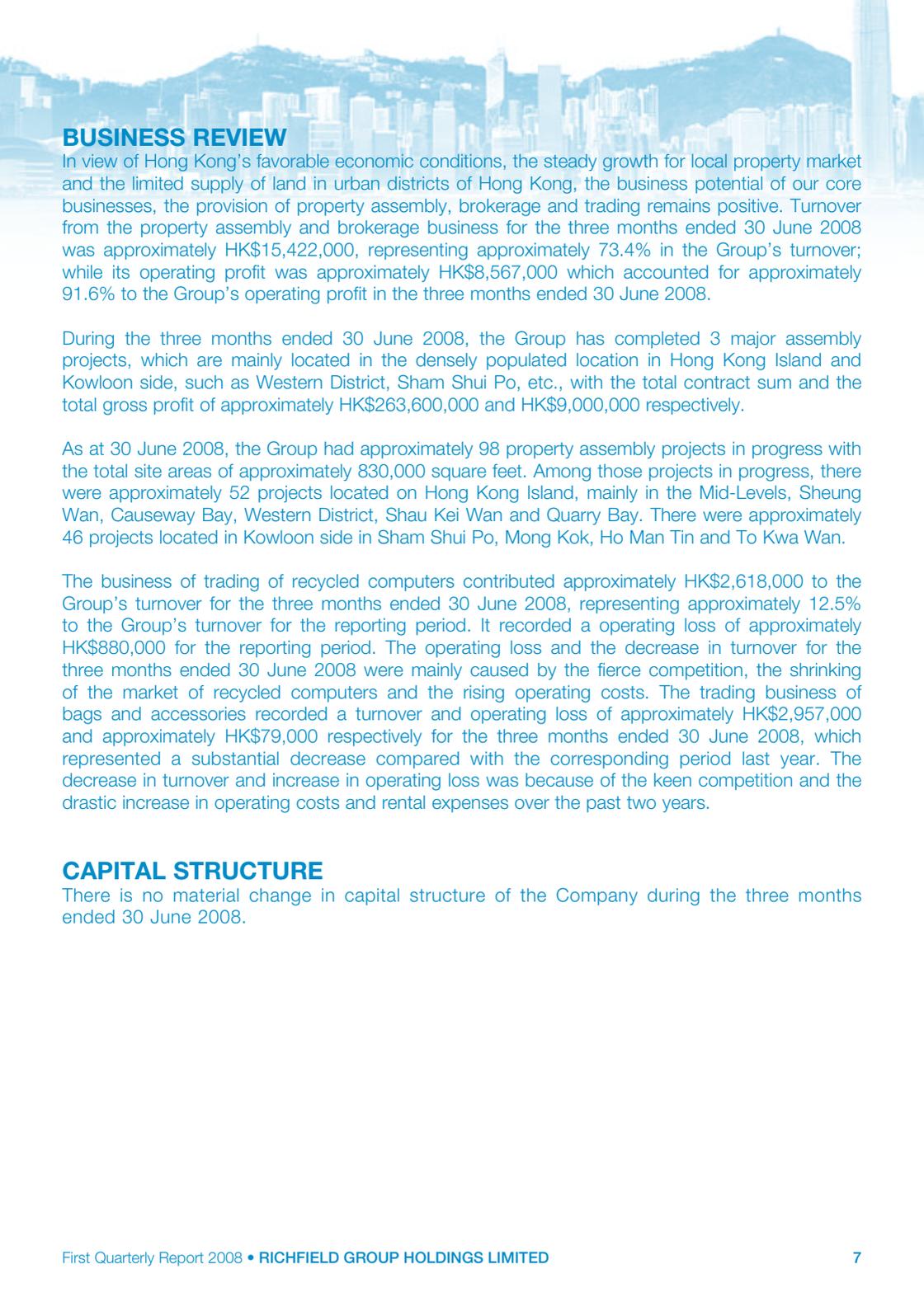
Diluted earnings per share for the three months ended 30 June 2008 has not been disclosed as no diluting events existed during this period.

No diluted earnings per share was presented for the three months ended 30 June 2007 as the conversion of convertible bonds was anti-dilutive.

FINANCIAL REVIEW

Turnover of the Group for the three months ended 30 June 2008 amounted to approximately HK\$20,997,000, representing a decrease of approximately 43.5% compared with the corresponding period last year of approximately HK\$37,173,000. The decrease in turnover was attributed to the decrease in turnover of the business of trading in recycled computers and trading in bags and accessories. In respect of the business of property assembly and brokerage, it contributes approximately HK\$15,422,000 to the turnover of the Group for the reporting period and it represents an increase of approximately 105.6% compared with the corresponding period last year of approximately HK\$7,500,000.

The operating profit of the Group for the reporting period was approximately HK\$9,350,000, representing an increase of approximately 58.8% when compared with the corresponding period last year of approximately HK\$5,889,000. As a result of the improvement in business of property assembly and brokerage services for the reporting period, the profit attributable to equity holders for the reporting period was increased to approximately HK\$7,950,000 compared with the profit attributable to equity holders of approximately HK\$3,344,000 for the corresponding period last year.



BUSINESS REVIEW

In view of Hong Kong's favorable economic conditions, the steady growth for local property market and the limited supply of land in urban districts of Hong Kong, the business potential of our core businesses, the provision of property assembly, brokerage and trading remains positive. Turnover from the property assembly and brokerage business for the three months ended 30 June 2008 was approximately HK\$15,422,000, representing approximately 73.4% in the Group's turnover; while its operating profit was approximately HK\$8,567,000 which accounted for approximately 91.6% to the Group's operating profit in the three months ended 30 June 2008.

During the three months ended 30 June 2008, the Group has completed 3 major assembly projects, which are mainly located in the densely populated location in Hong Kong Island and Kowloon side, such as Western District, Sham Shui Po, etc., with the total contract sum and the total gross profit of approximately HK\$263,600,000 and HK\$9,000,000 respectively.

As at 30 June 2008, the Group had approximately 98 property assembly projects in progress with the total site areas of approximately 830,000 square feet. Among those projects in progress, there were approximately 52 projects located on Hong Kong Island, mainly in the Mid-Levels, Sheung Wan, Causeway Bay, Western District, Shau Kei Wan and Quarry Bay. There were approximately 46 projects located in Kowloon side in Sham Shui Po, Mong Kok, Ho Man Tin and To Kwa Wan.

The business of trading of recycled computers contributed approximately HK\$2,618,000 to the Group's turnover for the three months ended 30 June 2008, representing approximately 12.5% to the Group's turnover for the reporting period. It recorded a operating loss of approximately HK\$880,000 for the reporting period. The operating loss and the decrease in turnover for the three months ended 30 June 2008 were mainly caused by the fierce competition, the shrinking of the market of recycled computers and the rising operating costs. The trading business of bags and accessories recorded a turnover and operating loss of approximately HK\$2,957,000 and approximately HK\$79,000 respectively for the three months ended 30 June 2008, which represented a substantial decrease compared with the corresponding period last year. The decrease in turnover and increase in operating loss was because of the keen competition and the drastic increase in operating costs and rental expenses over the past two years.

CAPITAL STRUCTURE

There is no material change in capital structure of the Company during the three months ended 30 June 2008.



PROSPECTS

Hong Kong economic outlook remains optimistic in the forthcoming periods in view of the close links with the fast-growing mainland economy and other emerging Asian economies, which have rather strong and sustainable growing momentums.

The tightening of government regulations on building height restriction and the excessive costs on maintenance of the aged building has created burden on owners of the aged properties but benefited the Group as a whole. Those changes would lower the cost of property consolidation and speed up the process of property redevelopments. The proposed regulatory change on the percentage of ownership for compulsory sale for redevelopment will also bring a much favorable environment for the Group's core business.

In adapting to changing property market, the Group has shifted its business strategy in property assembly and brokerage from the focus of the Mid-Levels property markets to the diversification of its sourcing areas to those where prevailing property prices are less inflated such as Western District, Quarry Bay and Shau Kei Wan on Hong Kong Island and Ho Man Tin, Sham Shui Po and Mongkok in the Kowloon side. This shift of focus is expected to lead the Group to higher and steady returns in the forthcoming periods. Furthermore, the Group has planned to increase its real estate team to approximately 90 persons by the end of 2008 in order to maintain sustainable growth in market share and returns.

Pursuant to the sales and purchase agreement dated 10 April 2007 for the acquisition (the "Acquisition") of Richfield Realty Limited ("Richfield Realty"), both Richfield (Holdings) Limited, as the vendor of the Acquisition, and Mr. Au Wing Wah, as the guarantor of the Acquisition were guaranteed that the audited net profit before payment of the bonus payable to the management of Richfield Realty and after tax and any extraordinary or exceptional items of Richfield Realty for the year ended 28 May 2008 (the "Guaranteed Period") should not be less than HK\$150,000,000 (the "Guaranteed Profit"). However, according to the audited financial statements of Richfield Realty, there is a shortfall of approximately HK\$112,153,000 between the actual audited net profit before payment of bonus payable to the management of Richfield Realty and after tax for the Guaranteed Period of approximately HK\$37,847,000 and the Guaranteed Profit. Having considered the prospects of the business of the property assembly and brokerage and the potential of Richfield Realty, an agreement (the "Settlement Agreement") as supplemented by a supplemental agreement dated 17 July 2008 were entered into on 12 June 2008 which, among the other things, was proposed to extend the time for fulfillment of an agreed guaranteed profit of approximately HK\$326,369,000. A special general meeting will be held to approve the Settlement Agreement. The Directors are of the view that the Settlement Agreement was entered into in the interests of the Company and its shareholders as a whole.

In respect of the trading businesses of bags and accessories and recycled computers, the profit margin and turnover are expected to be decreased in the forthcoming future due to the keen competition and the surge of operating costs. Since both businesses are no longer the core businesses of the Group, the Group will restrain from making further investment and will exercise tighter control on the operating costs in these businesses while most sources will stay focusing on the development of the business of property assembly and brokerage.

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 June 2008, 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 to 5.67 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM listing Rules"), were as follows:

Director	Number of issued share capital			Approximate percentage of the issued share capital
	Personal interest	Corporate interest (Note)	Total	
Mr. Pong Wai San, Wilson ("Mr. Pong") (Note)	314,600,000	936,794,000	1,251,394,000	42.73%

Note: These shares are beneficially owned by Virtue Partner Group Limited, a company wholly owned by Mr. Pong and therefore Mr. Pong deemed to be interested in the shares owned by Virtue Partner Group Limited, under SFO.

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

Save as disclosed above, as at 30 June 2008, 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 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2008, other than the interests of certain directors and chief executives of the Company as disclosed under the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the company or any associated corporation" above, the interest or short positions of person in the shares and underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

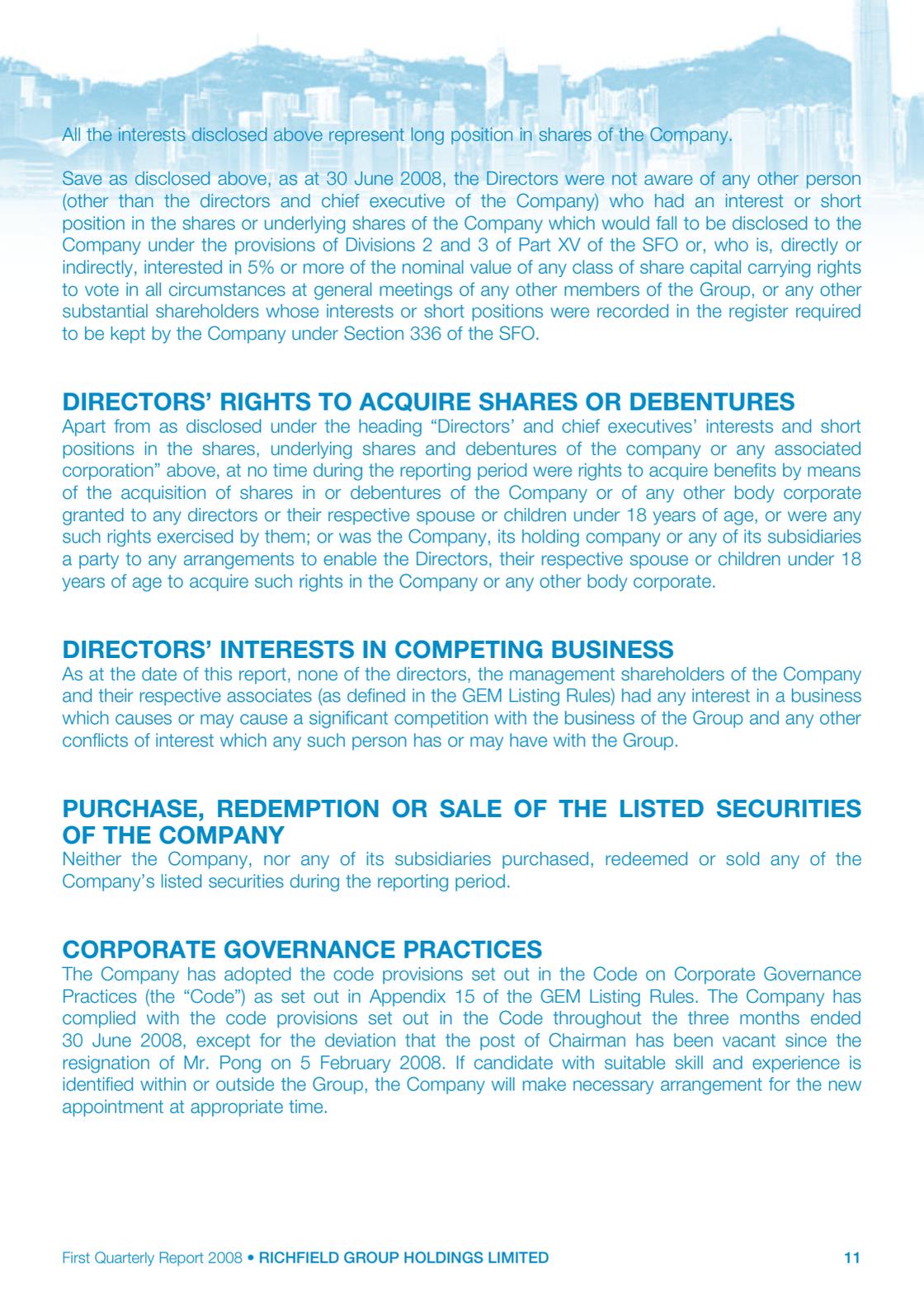
Name of shareholder	Capacity in which shares are held	Number of issued share capital	Approximate percentage of the issued share capital
Ms. Tung Ching Yee, Helena (Note 1)	Family interest	1,251,394,000	42.73%
Virtue Partner Group Limited (Note 2)	Beneficial owner	936,794,000	31.99%
Richfield (Holdings) Limited (Note 3)	Beneficial owner	760,000,000	25.95%
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%
Mr. Au Wing Wah ("Mr. Au") (Note 3)	Interest in controlled corporation	760,000,000	25.95%
Ms. Kong Pik Fan (Note 4)	Family interest	760,000,000	25.95%
Integrated Asset Management (Asia) Limited (Note 5)	Beneficial owner	195,420,000	6.67%
Mr. Yam Tak Cheung ("Mr. Yam") (Note 5)	Interest in controlled corporation	195,420,000	6.67%

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, therefore Mr. Pong deemed to be interested in the shares owned by Virtue Partner Group Limited, under SFO.
- 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.

- 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.
- These shares are beneficially owned by Integrated Asset Management (Asia) Limited, a company wholly owned by Mr. Yam and therefore Mr. Yam deemed to be interested in the shares owned by Integrated Asset Management (Asia) Limited, under SFO.



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

Save as disclosed above, as at 30 June 2008, the Directors 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES 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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the reporting period.

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 June 2008, except for the deviation that 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.



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, namely Mr. Koo Fook Sun, Louis, Mr. Lai Hin Wing, Henry and Mr. Lung Hung Cheuk. The unaudited consolidated result of the Group for the three months ended 30 June 2008 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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions throughout the period ended 30 June 2008.

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.

By order of the Board
Pong Wai San, Wilson
Executive Director

Hong Kong, 11 August 2008

As at the date of this report, the Company’s executive director is Mr. Pong Wai San, Wilson, the Company’s non-executive director is Mr. Li Chi Chung and the Company’s independent non-executive directors are Mr. Koo Fook Sun, Louis, Mr. Lai Hin Wing, Henry and Mr. Lung Hung Cheuk respectively.