



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
Interim 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.

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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.

INTERIM RESULTS

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 and six months ended 30 September 2008 together with the comparative unaudited figures for the corresponding periods in 2007 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 September 2008

	Notes	Six months ended 30 September		Three months ended 30 September	
		2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
REVENUE	4	40,353	66,724	19,356	29,551
Cost of sales		(21,260)	(40,246)	(10,142)	(16,809)
Gross profit		19,093	26,478	9,214	12,742
Other income	4	2,434	1,825	897	1,448
Selling and distribution expenses		(1,286)	(8,191)	(725)	(3,115)
Administrative expenses		(7,734)	(6,008)	(6,229)	(2,860)
OPERATING PROFIT		12,507	14,104	3,157	8,215
Finance costs		-	(5,056)	-	(3,438)
PROFIT BEFORE INCOME TAX	5	12,507	9,048	3,157	4,777
Income tax expense	6	(2,784)	(2,024)	(1,384)	(1,097)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		9,723	7,024	1,773	3,680
DIVIDENDS	7	-	-	-	-
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8				
Basic		HK0.33 cent	HK0.31 cent	HK0.06 cent	HK0.14 cent
Diluted		N/A	N/A	N/A	N/A

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2008

	Notes	As at 30 September 2008 (Unaudited) HK\$'000	As at 31 March 2008 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,102	791
Goodwill	9	147,633	156,200
Long term financial instruments	10	326,367	–
Available-for-sale financial assets		23,151	–
Rental and sundry deposits		161	161
Long term trade receivables	11	673	673
		499,087	157,825
Current assets			
Amount due from a shareholder	10	–	317,800
Properties held for trading		43,357	42,917
Trade receivables	11	20,462	39,386
Prepayments, deposits and other receivables		3,755	3,138
Financial assets at fair value through profit or loss		66,940	3,518
Cash and bank balances		157,401	245,107
		291,915	651,866
Current liabilities			
Trade payables	12	2,220	16,390
Accrued expenses and other payables		10,632	2,569
Taxes payable		9,522	8,929
		22,374	27,888
Net current assets		269,541	623,978
Net assets		768,628	781,803
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	13	29,285	29,285
Reserves		739,343	752,518
Total Equity		768,628	781,803

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Net cash inflow from operating activities	25,217	16,257
Net cash outflow from investing activities	(91,926)	(14,952)
Net cash (outflow)/inflow from financing activities	(20,997)	261,803
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(87,706)	263,108
Cash and cash equivalents at beginning of period	245,107	23,141
CASH AND CASH EQUIVALENTS AT END OF PERIOD	157,401	286,249
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	157,401	286,249

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 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
At 1 April 2007	18,000	39,632	-	(22,908)	34,724
Issue of convertible bonds	-	-	149,101	-	149,101
Full conversion of convertible bonds	7,600	450,986	(149,101)	-	309,485
Issue of new shares	3,685	265,320	-	-	269,005
Issuing costs	-	(7,119)	-	-	(7,119)
Net profit for the period	-	-	-	7,024	7,024
At 30 September 2007	29,285	748,819	-	(15,884)	762,220

	Share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Convertible bond equity reserve (Unaudited) HK\$'000	Fair value reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 April 2008	29,285	747,769	-	-	4,749	781,803
Net fair value loss on available-for-sale financial assets	-	-	-	(1,901)	-	(1,901)
Net profit for the period	-	-	-	-	9,723	9,723
Final dividend paid	-	(20,997)	-	-	-	(20,997)
At 30 September 2008	29,285	726,772	-	(1,901)	14,472	768,628

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, carrying out schemes for property consolidation, assembly and redevelopment and property trading in Hong Kong (the “Property Assembly and Brokerage Business”), the trading of recycled computers and the trading of bags and accessories.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2008 (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 31 March 2008 (the “2008 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 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 thousand (“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 2008 Annual Financial Statements, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRS”), HKAS and Interpretations (“Int”) issued by the HKICPA.

HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interactions

There was no material impact on the basis of preparation of the Condensed Financial Report arising from the abovementioned accounting standards.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ⁴
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ⁴
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 13	Customer Loyalty Programmes ²
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ³
Amendments to HKAS 1 (Revised)	Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation ¹
Amendments to HKAS 32	Financial Instruments: Presentation – Puttable Financial Instruments and Obligations Arising on Liquidation ¹
Amendments to HKAS 39	Financial Instruments: Recognition and Measurement – Puttable Financial Instruments and Obligations Arising on Liquidation ¹
Amendments to HKFRS 7	Financial Instruments: Disclosures – Puttable Financial Instruments and Obligations Arising on Liquidation ¹

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2008

³ Effective for annual periods beginning on or after 1 October 2008

⁴ Effective for annual periods beginning on or after 1 July 2009

The directors of the Company are currently assessing the impact of these HKFRSs but are not yet in a position to state whether they would have material financial impact on the Condensed Financial Report.

3. SEGMENT INFORMATION

(i) *Primary reporting format – business segments*

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Details of the business segments are summarised as follows:

- the Property Assembly and Brokerage Business, details of which have been set out in note 1;
- Trading of bags and accessories segment represents the selling of bags and accessories via retail shops, department store counters, overseas agents and distributors;
- Trading of recycled computers segment (the "Recycled Computer Business"); and
- the corporate segment represents investment holding.

	Six months ended 30 September									
	Property Assembly and Brokerage Business		Recycled Computer Business		Trading of bags and accessories		Corporate		Total	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Segment revenue:										
Turnover for external customers	30,044	20,481	7,353	23,330	2,956	22,913	-	-	40,353	66,724
Segment results	16,761	13,727	(2,097)	112	(79)	(107)	(2,445)	-	12,140	13,732
Unallocated revenue									1,799	1,455
Unallocated cost									(1,432)	(1,083)
Operating profit									12,507	14,104
Finance costs									-	(5,056)
Profit before income tax									12,507	9,048
Income tax expense									(2,784)	(2,024)
Profit attributable to equity holders of the Company									9,723	7,024

(ii) Secondary reporting format – geographical segments

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods and services.

Sales revenue by geographical markets:

	Six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Hong Kong	40,353	60,873
Others	–	5,851
	40,353	66,724

4. 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 recognised during the period is as follows:

	Six months ended 30 September		Three months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Revenue				
Sales of goods	10,309	46,243	4,734	16,570
Commission income	30,044	20,481	14,622	12,981
	40,353	66,724	19,356	29,551
Other income				
Interest income	1,799	1,503	488	1,448
Dividend income	197	–	197	–
Sundry income	438	322	212	–
	2,434	1,825	897	1,448
	42,787	68,549	20,253	30,999

5. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging the following:

	Six months ended 30 September		Three months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Fair value loss on financial assets at fair value through profit or loss	2,874	–	3,519	–
Effective interest expense on convertible bonds	–	2,586	–	1,453
Effective interest expense on promissory notes	–	2,468	–	1,868
Interest on overdrafts and bank loans	–	2	–	2
Depreciation	241	260	125	124

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (three and six months ended 30 September 2007: 17.5%) on the estimated assessable profit arising in Hong Kong for the current period. Taxes on profits assessable in other jurisdictions have been calculated at the rates of tax prevailing in the places in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

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

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2008 (six months ended 30 September 2007: Nil).

8. EARNINGS PER SHARE

The calculations of basic earnings per share for the three and six months ended 30 September 2008 are based on the unaudited consolidated net profit attributable to equity holders of the Company for the three and six months ended 30 September 2008 of approximately HK\$1,773,000 and HK\$9,723,000 respectively (three and six months ended 30 September 2007: HK\$3,680,000 and HK\$7,024,000 respectively) and on the weighted average number of 2,928,500,000 shares during the three and six months ended 30 September 2008 (three and six months ended 30 September 2007: 2,604,423,913 shares and 2,274,081,967 shares respectively).

Diluted earnings per share for the three and six months ended 30 September 2008 and the corresponding periods in 2007 are not disclosed as no dilutive events existed during those periods.

9. GOODWILL

Goodwill arose from the acquisition of Richfield Realty Limited (“Richfield Realty”) and Maxitech System Company Limited in previous years. The net carrying amount of goodwill can be analysed as follows:

	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Net carrying amount at 1 April	156,200	3,555
Arising from the acquisition of a subsidiary	–	156,200
Adjustment on purchase consideration (note)	(8,567)	–
Impairment loss	–	(3,555)
Net carrying amount at the end of period/year	147,633	156,200

Goodwill is allocated to the Group’s cash-generating units identified according to the business segment as follows:

	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
The Property Assembly and Brokerage Business (note)	147,633	156,200
The Recycled Computer Business	–	–
Total	147,633	156,200

Note: As described in the Company’s circular dated 10 May 2007, the purchase consideration is contingent on the results of Richfield Realty. Details of the purchase consideration have been set out in the Company’s 2008 Annual Financial Statements. Based on the audited results of Richfield Realty for the year ended 28 May 2008, a further compensation of HK\$8,567,000 is repayable by the vendor. Consequently, the fair value of the purchase consideration is restated and goodwill arising from the acquisition of Richfield Realty is adjusted accordingly.

10. LONG TERM FINANCIAL INSTRUMENTS/AMOUNT DUE FROM A SHAREHOLDER

The amount due from a shareholder as at 31 March 2008 arose from the shortfall of the results of a subsidiary over its guaranteed results and was unsecured, interest free and repayable on demand. Details of the balance have been set out in the Company's 2008 Annual Financial Statements.

Pursuant to the settlement agreement and supplemental agreement entered into between the shareholder and the Company on 12 June 2008 and 17 July 2008 respectively and the approval of the independent shareholders passed at the extraordinary general meeting held on 25 August 2008, the repayment for this balance is compensated by a new guaranteed profit of Richfield Realty. Under the new guaranteed profit, the shareholder has irrevocably warranted and guaranteed to the Group that the new guaranteed profit of Richfield Realty for the 36-month period commencing from 1 July 2008 shall be no less than HK\$345,949,000. This amount is determined based on 3.98 times of the difference between the previous guarantee profit of HK\$150,000,000 and the actual profit of Richfield Realty for the year ended 28 May 2008 and deduction of the face value of the promissory note of HK\$120,000,000 and multiple of 1.06. As a result, this amount is transferred from the amount due from a shareholder to long term financial instruments from 1 July 2008, based on the new settlement arrangement.

Details of the settlement agreement and supplemental agreement have been set out in the Company's announcement dated 13 June 2008 and 28 July 2008.

11. TRADE RECEIVABLES

For the trading of bags and accessories and the Recycled Computer Business, the Group's trading terms with its trade customers are mainly on credit, which generally have credit terms of up to 90 days (year ended 31 March 2008: 90 days). For the Property Assembly and Brokerage Business, the Group generally allows a credit period from 1 month to 3 years to its customers, in accordance with the terms of the mutual agreements after individual negotiations. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Ageing analysis of the Group's trade receivables as at the balance sheet dates based on the invoice dates is as follows:

	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Within 90 days	15,969	39,108
91–180 days	562	278
181–365 days	4,604	673
	21,135	40,059

12. TRADE PAYABLES

Ageing analysis of the Group's trade payables as at the balance sheet dates based on the invoice dates is as follows:

	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Within 90 days	1,515	15,317
91–180 days	4	600
181–365 days	414	–
Over 1 year	287	473
	2,220	16,390

13. SHARE CAPITAL

	Number of shares	(Unaudited) HK\$'000
Authorised		
10,000,000,000 ordinary shares of HK\$0.01 each	10,000,000,000	100,000
Issued and fully paid		
At 1 April 2008 and 30 September 2008	2,928,500,000	29,285

The Company has a share option scheme for the directors and eligible employees and consultants of the Group. There were no outstanding share options at the beginning and end of the period.

During the period, no share options were granted and exercised.

14. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with its related parties during the period and the balances with the related parties at the end of the periods:

	Six months ended 30 September 2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Operating lease rental expenses in respect of office premises to a related company	462	260

The Group entered into two lease agreements with a related company, in which a director of a subsidiary of the Group has beneficial interests, on terms mutually agreed by both parties.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopment, property trading in Hong Kong, trading of recycled computers and trading of bags and accessories.

The Group is also currently engaged in property assembly schemes for approximately 67 redevelopment projects in Hong Kong. Those engaged projects are all residential and commercial properties which are located in Hong Kong Island and Kowloon.

The bags sold by the Group consist principally of business bags, sports bags, backpacks, handbags and wallets. The accessories sold by the Group include belts, watches, spectacles and umbrellas. The trading of recycled computers by the Group includes PCs, laptops and computer parts (such as RAM modules, LCD panels, hard disks, DVD-ROMs, plastic covers, and keyboards etc.).

FINANCIAL REVIEW RESULTS

During the six months ended 30 September 2008, the Group recorded a turnover of approximately HK\$40,353,000, representing a decrease of approximately 39.5% compared with the corresponding period last year of approximately HK\$66,724,000. The decrease in turnover was mainly attributed to the decrease in turnover of the business of trading of recycled computers and trading of bags and accessories. In respect of the business of property assembly and brokerage, it contributes approximately HK\$30,044,000 to the turnover of the Group for the period and this represents an increase of approximately 46.7% compared with the corresponding period last year of approximately HK\$20,481,000.

Profit before income tax of the Group for the six months ended 30 September 2008 was approximately HK\$12,507,000, representing an increase of approximately 38.2% when compared with the corresponding period last year of approximately HK\$9,048,000. As a result of the improvement in this business segment for the period, profit attributable to equity holders for the period was increased to approximately HK\$9,723,000 compared with that of approximately HK\$7,024,000 for the corresponding period last year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the six months ended 30 September 2008, the Group mainly financed its operations with its own working capital.

As at 30 September 2008, the Group had net current assets of approximately HK\$269,541,000 (31 March 2008: approximately HK\$623,978,000) including bank and cash balances of approximately HK\$157,401,000. As at 31 March 2008, bank and cash balances were approximately HK\$245,107,000.

As at 30 September 2008, the Group had no secured loans (31 March 2008: Nil).

As at 30 September 2008, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was zero (31 March 2008: zero), since the Group has no bank borrowings.

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

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for those disclosed in this interim report, there were no significant investment held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 September 2008 and there is no plan for material investments or capital assets as at the date of this interim report.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2008.

LEASE AND CONTRACTED COMMITMENTS

The Group leases certain of its office premises and warehouses under non-cancellable operating lease arrangements with lease terms ranging from one to three years.

At 30 September 2008, the Group had total future minimum lease payments in respect of non-cancellable operating leases falling due as follows:

	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Land and buildings expiring:		
Within one year	682	719
In the second to fifth years, inclusive	225	161
	907	880

Save for the above commitment, as at 30 September 2008, neither the Group nor the Company had any other significant commitments.

FOREIGN EXCHANGE EXPOSURE

The Group's income and expenditure during the six months ended 30 September 2008 were denominated in United States dollars ("US\$"), HK dollars ("HK\$") and Renminbi ("RMB"), and most of the assets and liabilities as at 30 September 2008 were denominated in HK\$ and RMB. Accordingly, the Board is of the view that, to certain extent, the Group is exposed to foreign currency exchange risk. For the US\$ foreign exchange exposure, the Board believes the exposure is small as the exchange rate of US\$ to HK\$ is comparatively stable. However, the Group is exposed to RMB foreign exchange exposure and fluctuation of exchange rates of RMB against HK\$ could affect the Group's results of operations. During the period under review, no hedging transaction or arrangement was made.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

SEGMENT INFORMATION

Business segments

Property assembly and brokerage

Property assembly and brokerage comprised of provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopment and property trading. Property assembly and brokerage represents approximately 74.5% of the total turnover which amounts to approximately HK\$30,044,000 (six months ended 30 September 2007: approximately 20,481,000).

Trading of recycled computer

Trading of recycled computer comprised of trading and distribution of recycled computers and related accessories. Trading of recycled computers represents approximately 18.2% of the total turnover which amounts to approximately HK\$7,353,000 (six months ended 30 September 2007: approximately HK\$23,330,000).

Trading of bags and accessories

Trading of bags and accessories comprised of retail sales and wholesale to agents and distributors. Trading of bags and accessories represents approximately 7.3% of the total turnover which amounts to approximately HK\$2,956,000 (six months ended 30 September 2007: approximately HK\$22,913,000).

Geographical segments

For the six months ended 30 September 2008, the whole turnover of approximately HK\$40,353,000 was for Hong Kong and it was decreased significantly by approximately 39.5% as compared to the total turnover of previous corresponding period of HK\$66,724,000. The decrease was mainly attributed to the decrease in turnover from the trading of recycled computers and trading of bags and accessories.

Please refer to note 3 to the unaudited condensed consolidated financial statements of this interim report for details on business and geographical segments.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2008, the Group had 97 (31 March 2008: 101) employees, including directors of the Company. Total staff costs (including directors' emoluments) were approximately HK\$6,813,000 for the six months ended 30 September 2008 as compared to approximately HK\$5,600,000 for the six months ended 30 September 2007. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and share option scheme.

BUSINESS REVIEW

During the six months ended 30 September 2008, in view of the stability of the local economy and property market, the Group continued to expand its core business, the provision of property assembly, brokerage and trading. Turnover from the property assembly and brokerage business for the six months ended 30 September 2008 was approximately HK\$30,044,000, representing an increase of approximately 46.7% (six months ended 30 September 2007: approximately HK\$20,481,000). Operating profit was approximately HK\$16,761,000 which accounted for approximately 134% to the Group's operating profit for the six months ended 30 September 2008.

During the period under review, the Group has completed 6 major assembly projects, which are mainly located in the densely populated areas in Hong Kong Island and Kowloon, such as Causeway Bay, Western District, Sham Shui Po, etc., with the total contract sum and the total gross profit of approximately HK\$358,850,000 and HK\$20,000,000 respectively.

As at 30 September 2008, the Group had approximately 67 property assembly projects in progress with a total site area of approximately 489,600 square feet. Among those projects in progress, approximately 34 projects are located in Hong Kong Island, mainly in the Mid-Levels, Sheung Wan, Causeway Bay, Western District, Shau Kei Wan and Quarry Bay. Approximately 33 projects are located in Kowloon, mainly in Sham Shui Po, Mong Kok, Ho Man Tin and To Kwa Wan.

The business of trading of recycled computers contributed approximately HK\$7,353,000 to the Group's turnover for the six months ended 30 September 2008, representing approximately 18.2% of the Group's turnover for the reporting period and a substantial decrease compared with the corresponding period last year (six months ended 30 September 2007: approximately HK\$23,330,000). An operating loss of approximately HK\$2,097,000 was recorded for the reporting period. The operating loss and the decrease in turnover for the six months ended 30 September 2008 were mainly caused by the fierce competitions in Hong Kong and China markets and the rising operating costs. In addition, the demand of recycled computers continued to shrink as the price difference between new and recycled computers was reducing.

The trading business of bags and accessories recorded a turnover and operating loss of approximately HK\$2,956,000 and approximately HK\$79,000 respectively for the six months ended 30 September 2008, which represented a substantial decrease compared with the corresponding period last year. The decrease in turnover and operating loss was mainly due to the adverse market condition as a result of market slowdown and keen competitions in the global market and drastic increase in operating costs.

PROSPECTS

There has been an obvious slowdown in the global economy after a series of financial crisis of major investment and commercial banks in the United States and Europe. Both stock and the property prices have decreased dramatically due to the lack of confidence of investors following different economic concerns and tightened credit market. Property prices have so far dropped by about 8 per cent on average from a peak reached in the first quarter of the year, and it is expected values could continue to fall in the foreseeable future before the prices become stable.

However, despite of a decline in property prices and transactions, the outlook on Hong Kong property market remains optimistic because of the close links with the fast-growing Mainland economy and other emerging Asian economics and the continuous limited supply of land in urban districts of Hong Kong. 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, together with the lower property prices, would lower the cost of property assembly 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 the short run, the poor market sentiment as a result of financial crisis will inevitably affect the Group's core business of property brokerage and assembly. The tightening of credit market causes developers to act with more prudence since they are more difficult in getting finance for their development project. The progress of most property development projects has also been delayed. The performance of the Group in the near term will be affected to a certain extent. However, the Group remains optimistic in property brokerage and assembly business in the long run because of the limited supply of land in urban districts and the favourable political environment in Hong Kong. The Group will take this opportunity to search for new potential property assembly projects for the future.

The trading businesses of bags and accessories and recycled computers are expected to suffer more during the economy downturn due to the adverse market conditions and keen market competitions in both retail and wholesale markets. Turnover and profitability of both businesses have been decreased significantly over the past year. In order to minimize the loss, the Group has restrained from making further investments and has tightened control over the cash flow for both businesses. The Group would also consider discontinuing the businesses if the operating loss continues in the forthcoming future.

CONNECTED TRANSACTION

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, the Guaranteed Profit cannot be met. 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 (the "Supplemental Agreement") 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\$345,949,000.

On 18 July 2008, the Company subsequently announced that the financial year end of the Company has been changed from 31 March to 30 June commencing from the financial year of 2008/2009. Having considered the change of financial year end date of the Company, the vendor, the purchaser and Mr. Au entered into the Supplemental Agreement in respect of the amendments of certain terms of the Settlement Agreement on 17 July 2008.

At the EGM held on 25 August 2008, the resolution in respect of the approval of the Settlement Agreement as supplemented by the Supplemental Agreement and the transactions contemplated thereunder was duly passed as ordinary resolution by poll as it was demanded by the Chairman of the meeting for voting.

Save as disclosed above, there were no significant connected party transactions entered into by the Group for the six months ended 30 September 2008.

SHARE OPTIONS

During the six months ended 30 September 2008, no share option was granted, exercised or lapsed under the share option scheme adopted on 21 May 2002.

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 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 of the GEM Listing Rules, were as follows:

Director	Personal interest	Number of Shares Corporate interest	Total	Approximate percentage of shareholding
Mr. Pong Wai San, Wilson ("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 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 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 September 2008, 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 issued 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 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%
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%

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 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.

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

Save as disclosed above, as at 30 September 2008, 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, underlying shares or 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.

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.

CHANGE OF FINANCIAL YEAR END DATE

The financial year end of the Company has been changed from 31 March to 30 June commencing from the financial year of 2008/2009. Accordingly, the forthcoming financial period will cover the 15-month period from 1 April 2008 to 30 June 2009. For details, please refer to the announcement of the Company dated 18 July 2008.

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 six months ended 30 September 2008.

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 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, 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 throughout the six months ended 30 September 2008.

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 six months ended 30 September 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.

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 six months ended 30 September 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.

By Order of the Board
Mr. Pong Wai San, Wilson
Executive Director

Hong Kong, 10 November 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.