



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

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8136)**

**FINAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2008**

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

**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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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*This announcement, for which the directors (“Directors”) of Richfield Group Holdings Limited (the “Company”) 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 for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

\* For identification purposes only

## FINAL RESULTS

The board of directors (the “Board”) of Richfield Group Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2008, together with the comparative figures for the year ended 31 March 2007 as follows:

### CONSOLIDATED INCOME STATEMENT

*For the year ended 31 March 2008*

	<i>Notes</i>	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Revenue	4	<b>143,155</b>	89,939
Cost of sales		<b>(88,046)</b>	(62,467)
<b>Gross profit</b>		<b>55,109</b>	27,472
Other income	4	<b>6,812</b>	1,267
Selling and distribution expenses		<b>(10,102)</b>	(19,193)
Administrative expenses		<b>(15,079)</b>	(20,688)
Operating profit/(loss)	5	<b>36,740</b>	(11,142)
Finance costs	6	<b>(2,587)</b>	(53)
<b>Profit/(Loss) before income tax</b>		<b>34,153</b>	(11,195)
Income tax expense	7	<b>(6,496)</b>	(458)
<b>Profit/(Loss) attributable to equity holders of the Company</b>		<b>27,657</b>	(11,653)
<b>Dividends</b>	8	<b>20,997</b>	—
<b>Earnings/(Loss) per share for profit/(loss) attributable to equity holders of the Company</b>			
Basic	9	<b>HK 1.06 cents</b>	(HK 0.7 cents)
Diluted	9	<b>N/A</b>	N/A

**CONSOLIDATED BALANCE SHEET***As at 31 March 2008*

	<i>Notes</i>	<b>2008 HK\$'000</b>	<b>2007 HK\$'000</b>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>791</b>	621
Goodwill	<i>10</i>	<b>156,200</b>	3,555
Rental and sundry deposits		<b>161</b>	411
Long term trade receivables	<i>13</i>	<b>673</b>	–
		<hr/> <b>157,825</b>	<hr/> 4,587
<b>Current assets</b>			
Amount due from a shareholder	<i>11</i>	<b>317,800</b>	–
Inventories		<b>–</b>	1,693
Properties held for trading	<i>12</i>	<b>42,917</b>	–
Trade receivables	<i>13</i>	<b>39,386</b>	7,665
Prepayments, deposits and other receivables		<b>3,138</b>	9,634
Financial assets at fair value through profit or loss		<b>3,518</b>	245
Cash and cash equivalents		<b>245,107</b>	23,141
		<hr/> <b>651,866</b>	<hr/> 42,378
<b>Current liabilities</b>			
Trade payables	<i>14</i>	<b>16,390</b>	7,820
Accrued expenses and other payables		<b>2,569</b>	3,340
Other borrowings		<b>–</b>	83
Taxes payable		<b>8,929</b>	498
		<hr/> <b>27,888</b>	<hr/> 11,741
<b>Net current assets</b>		<hr/> <b>623,978</b>	<hr/> 30,637
<b>Total assets less current liabilities</b>		<hr/> <b>781,803</b>	<hr/> 35,224
<b>Non-current liabilities</b>			
Other borrowings		<b>–</b>	500
		<hr/> <b>–</b>	<hr/> 500
<b>Net assets</b>		<hr/> <b>781,803</b>	<hr/> 34,724
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	<i>15</i>	<b>29,285</b>	18,000
Reserves		<b>752,518</b>	16,724
		<hr/> <b>781,803</b>	<hr/> 34,724

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2008

### Equity attributable to equity holders of the Company

	Share-Convertible (Accumulated)					Total	Minority interests	Total equity
	Share capital	Share premium account*	based payment reserve*	bond equity reserve*	losses)/ Retained profits*			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2006	4,605	14,918	-	-	(11,255)	8,268	80	8,348
Loss for the year	-	-	-	-	(11,653)	(11,653)	-	(11,653)
Total recognised income and expense for the year	-	-	-	-	(11,653)	(11,653)	-	(11,653)
Issue of new shares	13,014	15,067	-	-	-	28,081	-	28,081
Issuing cost	-	(1,777)	-	-	-	(1,777)	-	(1,777)
Disposals of a subsidiary	-	-	-	-	-	-	(80)	(80)
Recognition of share option benefits at fair value	-	-	5,595	-	-	5,595	-	5,595
Exercise of share options	381	11,424	(5,595)	-	-	6,210	-	6,210
At 31 March 2007 and 1 April 2007	18,000	39,632	-	-	(22,908)	34,724	-	34,724
Profit for the year	-	-	-	-	27,657	27,657	-	27,657
Total recognised income and expense for the year	-	-	-	-	27,657	27,657	-	27,657
Issue of new shares	3,685	265,320	-	-	-	269,005	-	269,005
Issuing cost	-	(8,170)	-	-	-	(8,170)	-	(8,170)
Equity component of convertible bonds	-	-	-	149,101	-	149,101	-	149,101
Issue of shares upon conversion of convertible bonds	7,600	450,987	-	(149,101)	-	309,486	-	309,486
At 31 March 2008	<u>29,285</u>	<u>747,769</u>	<u>-</u>	<u>-</u>	<u>4,749</u>	<u>781,803</u>	<u>-</u>	<u>781,803</u>

\* These reserve accounts comprise the consolidated reserves of approximately HK\$752,518,000 (2007: approximately HK\$16,724,000) in the consolidated balance sheet.

## **NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 31 March 2008*

### **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”).

Pursuant to a resolution passed on 26 July 2007 at an annual general meeting, the Company’s name was changed from Maxitech International Holdings Limited to Richfield Group Holdings Limited.

In May 2007, the Group has completed the acquisition (the “Acquisition”) of the entire equity interests in Richfield Realty Limited (“Richfield Realty”) which is principally engaged in the provision of property brokerage services, provision of schemes for property consolidation, assembly and redevelopment and property trading in Hong Kong (the “Property Assembly and Brokerage Business”). Details of the Acquisition have been set out in the Company’s circular dated 10 May 2007. During the year, the Group is also engaged in the trading of recycled computers and the trading of bags and accessories.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKAS”) and Interpretations (“Int”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The consolidated financial statements also include 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.

## 2. ADOPTION OF NEW OR AMENDED HKFRSS

In the current year, the Group has adopted all the new and amended HKFRSSs which are relevant to the Group and first effective on 1 April 2007. The adoption of these new and amended HKFRSSs did not result in significant alternations to the Group's accounting policies but gave rise to additional disclosures. The specific transitional provisions contained in some of these new or amended HKFRSSs have been considered.

The Group has not early adopted the following HKFRSSs that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>4</sup>
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>4</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC)-Int 12	Service Concession Arrangements <sup>2</sup>
HK(IFRIC)-Int 13	Customer Loyalty Programmes <sup>3</sup>
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interactions <sup>2</sup>
Amendments to HKAS 1 (Revised)	Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation <sup>1</sup>
Amendments to HKAS 32	Financial instruments: presentation – Puttable financial instruments and obligations arising on liquidation <sup>1</sup>
Amendments to HKAS 39	Financial instruments: recognition and measurement – Puttable financial instruments and obligations arising on liquidation <sup>1</sup>
Amendments to HKFRS 7	Financial instruments: disclosures – Puttable financial instruments and obligations arising on liquidation <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2008

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2008

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2009

Among those new Standards and Interpretation, HKAS 1 (Revised) is expected to be relevant to the financial statements. This amendment affects the presentation of owner changes in equity and introduces a statement of comprehensive income. Preparers will have the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals or in two separate statements (a separate income statement followed by a statement of other comprehensive income). This amendment does not affect the financial position or results of the Group but will give rise to additional disclosures.

The directors of the Company are currently assessing the impact of these HKFRSSs but are not yet in a position to state whether they would have material financial impact on the consolidated financial statements.

## 3. SEGMENT INFORMATION

### Primary reporting format – business segments

Summary details of the business segments are as follows:

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

	Property Assembly and Brokerage Business		Trading of bags and accessories		Recycled Computer Business		Corporate		Total	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Segment revenue:										
Sales to external customers	<u>80,687</u>	–	<u>31,406</u>	52,103	<u>31,062</u>	37,836	–	–	<u>143,155</u>	89,939
Segment results	<u>36,340</u>	–	<u>124</u>	767	<u>(2,928)</u>	(2,062)	<u>(367)</u>	–	<u>33,169</u>	(1,295)
Unallocated revenue									6,119	399
Unallocated costs									<u>(2,548)</u>	<u>(10,246)</u>
Operating profit/(loss)									36,740	(11,142)
Finance costs									<u>(2,587)</u>	<u>(53)</u>
Profit/(Loss) before income tax									34,153	(11,195)
Income tax									<u>(6,496)</u>	<u>(458)</u>
Profit/(Loss) for the year									<u>27,657</u>	<u>(11,653)</u>
<b>Assets</b>										
Segment assets	557,023	–	157	6,139	3,872	7,899	3,518	245	564,570	14,283
Unallocated assets									<u>245,121</u>	<u>32,682</u>
Total assets									<u>809,691</u>	<u>46,965</u>
<b>Liabilities</b>										
Segment liabilities	17,898	–	618	5,145	170	3,692	–	–	18,686	8,837
Unallocated liabilities									<u>9,202</u>	<u>3,404</u>
Total liabilities									<u>27,888</u>	<u>12,241</u>
<b>Other segment information:</b>										
Depreciation	172	–	210	355	29	8	–	–	411	363
Unallocated									–	371
									<u>411</u>	<u>734</u>
Capital expenditure	881	–	147	494	55	100	–	–	1,083	594
Unallocated									–	13
									<u>1,083</u>	<u>607</u>
Impairment loss on property, plant and equipment	–	–	–	–	–	–	–	–	–	–
Unallocated									–	10
									–	10
Impairment loss on goodwill	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,555</u>	<u>3,067</u>	<u>–</u>	<u>–</u>	<u>3,555</u>	<u>3,067</u>

## 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:

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Hong Kong	<b>137,304</b>	67,738
People's Republic of China ("PRC") (Not including Hong Kong)	<b>3,317</b>	17,243
Taiwan	<b>785</b>	2,176
Singapore	<b>845</b>	2,024
Others	<b>904</b>	758
	<b><u>143,155</u></b>	<b><u>89,939</u></b>

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located.

	<b>Segment assets</b>		<b>Capital expenditure</b>	
	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Hong Kong	<b>561,052</b>	13,169	<b>1,083</b>	594
PRC	–	1,114	–	–
United Kingdom	<b>3,518</b>	–	–	–
Unallocated	<b>245,121</b>	32,682	–	13
	<b><u>809,691</u></b>	<b><u>46,965</u></b>	<b><u>1,083</u></b>	<b><u>607</u></b>

## 4. 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 year is as follows:

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Revenue		
Sales of goods	<b>62,468</b>	89,939
Sales of properties	<b>21,014</b>	–
Commission income	<b>59,673</b>	–
	<b><u>143,155</u></b>	<b><u>89,939</u></b>
Other income		
Interest income	<b>6,020</b>	399
Management income	<b>250</b>	600
Gain on disposals of property, plant and equipment	–	67
Exchange gain, net	<b>99</b>	–
Sundry income	<b>443</b>	201
	<b><u>6,812</u></b>	<b><u>1,267</u></b>
	<b><u>149,967</u></b>	<b><u>91,206</u></b>



## 5. OPERATING PROFIT/(LOSS)

	2008 HK\$'000	2007 HK\$'000
Operating profit/(loss) is arrived at after charging the following:		
Auditors' remuneration	380	330
Bad debts written off	–	1,171
Cost of inventories recognised as expense	59,777	62,467
Contingent rents	563	1,471
Depreciation	411	734
Directors' remuneration	150	3,424
Exchange loss, net	–	114
Fair value loss on financial assets at fair value through profit or loss	367	–
Impairment loss on property, plant and equipment	–	10
Impairment loss on goodwill	3,555	3,067
Loss on disposals of property, plant and equipment	12	–
Loss on disposals of subsidiaries	37	119
Minimum lease payments under operating lease rentals for land and buildings*	6,218	10,949
Staff costs		
Fees	150	720
Salaries	12,268	9,120
Pension scheme contributions	453	371
Share option benefits	–	3,218
Total employee benefits	<u>12,871</u>	<u>13,429</u>

\* During the year, rental expenses of HK\$722,000 (2007: Nil) were paid to the companies, the director of which is also a director of the major subsidiaries of the Group.

## 6. FINANCE COSTS

	2008 HK\$'000	2007 HK\$'000
Interests on borrowings and bank overdrafts wholly repayable within five years	–	53
Effective interest expense on the convertible bonds	2,587	–
	<u>2,587</u>	<u>53</u>

## 7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong for the year. Income tax on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of income tax in the consolidated income statement represents:

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Hong Kong		
Current tax for the year	<b>6,469</b>	201
Under provision in respect of prior years	<b>27</b>	–
Overseas		
Under provision in respect of prior years	–	257
Total income tax expense	<b><u>6,496</u></b>	<b><u>458</u></b>

## 8. DIVIDENDS

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Final dividend proposed after the balance sheet date of HK0.717 cents per ordinary share (2007: Nil)	<b><u>20,997</u></b>	<u>–</u>

The final dividend proposed after the balance sheet date have not been recognised as a liability at the balance sheet date.

## 9. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity holders of the Company of approximately HK\$27,657,000 (2007: loss of HK\$11,653,000) and the weighted average of 2,605,781,421 (2007: 1,631,251,472) ordinary shares in issue during the year.

Diluted earnings/(loss) per share for the year ended 31 March 2008 and 2007 was not presented as the impact of the exercise of the convertible bonds and share options respectively was anti-dilutive.

## 10. GOODWILL

Goodwill in 2008 and 2007 arose from the acquisition of Richfield Realty during the year and Maxitech System Company Limited in previous year respectively. The net carrying amount of goodwill can be analysed as follows:

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Net carrying amount at 1 April	<b>3,555</b>	–
Arising from the acquisition of a subsidiary	<b>156,200</b>	6,622
Impairment loss	<b><u>(3,555)</u></b>	<u>(3,067)</u>
Net carrying amount at 31 March	<b><u>156,200</u></b>	<b><u>3,555</u></b>

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

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
The Recycled Computer Business	–	3,555
The Property Assembly and Brokerage Business	<b>156,200</b>	–
	<b>156,200</b>	<b>3,555</b>

#### 11. AMOUNT DUE FROM A SHAREHOLDER

The balance as at 31 March 2008 arose from the shortfall of the actual results of a subsidiary over its guaranteed results and is unsecured, interest free and repayable on demand. Pursuant to the agreements entered into between the shareholder and the Company on 12 June 2008 which are subject to the approval of the independent shareholders at the extraordinary general meeting, this balance is transferred to derivative financial instruments after the balance sheet date. Details of the agreements have been set out in note 16 to the financial statements and the Company's announcement dated 13 June 2008.

#### 12. PROPERTIES HELD FOR TRADING

The analysis of carrying amount of properties held for sale is as follows:

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
In Hong Kong		
– 10 to 50 years (medium leases)	<b>18,508</b>	–
– 50 years or more (long leases)	<b>24,409</b>	–
	<b>42,917</b>	–

#### 13. TRADE RECEIVABLES

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Within 90 days	<b>39,108</b>	7,647
91 to 180 days	<b>278</b>	4
181 to 365 days	<b>673</b>	–
Over 1 year	–	14
	<b>40,059</b>	<b>7,665</b>

For the trading of bags and accessories and the Recycled Computer Business, the Group's trading terms with its customers are mainly on credit, which generally have credit terms of up to 90 days (2007: 90 days) and do not bear any effective interest rate.

For the Property Assembly and Brokerage Business, the Group generally allows a credit period from 1 month to 3 years to its trade customers, in accordance with the terms of the mutual agreements after individual negotiations.

#### 14. TRADE PAYABLES

The Group was granted by its suppliers' credit periods ranging from 30 days to 90 days. Based on the invoices dates, ageing analysis of trade payables was as follows:

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Within 90 days	<b>15,317</b>	7,318
91–180 days	<b>600</b>	491
181–365 days	–	–
Over 1 year	<b>473</b>	11
	<b><u>16,390</u></b>	<u>7,820</u>

#### 15. SHARE CAPITAL

	<b>2008</b>		2007	
	<b>Number of shares '000</b>	<b>HK\$'000</b>	Number of shares '000	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	<b><u>10,000,000</u></b>	<b><u>100,000</u></b>	<u>10,000,000</u>	<u>100,000</u>
	<b>Number of shares '000</b>	<b>Ordinary shares HK\$'000</b>	Number of shares '000	Ordinary shares HK\$'000
Issued and fully paid:				
At the beginning of the year	<b>1,800,000</b>	<b>18,000</b>	460,504	4,605
Conversion of convertible bonds (note i)	<b>760,000</b>	<b>7,600</b>	–	–
Issue of new shares (note ii)	<b>368,500</b>	<b>3,685</b>	–	–
Issue of new shares (note iii)	–	–	15,300	153
Issue of new shares (note iv)	–	–	1,286,096	12,861
Exercise of share options (note v)	–	–	38,100	381
	<b><u>2,928,500</u></b>	<b><u>29,285</u></b>	<u>1,800,000</u>	<u>18,000</u>
At the end of the year				

*Notes:*

- (i) On 30 May 2007 and 15 August 2007, convertible bonds with a principal amount of HK\$255,000,000 and HK\$201,000,000 respectively were converted into 760,000,000 shares of the Company at the price of HK\$0.60 per share.
- (ii) On 26 July 2007, the Company entered into a subscription agreement with Virtue Partner Group Limited. As a result, the Company allotted and issued 368,500,000 shares at HK\$0.73 per share.
- (iii) On 3 November 2006, the Company allotted and issued a total of 15,300,000 consideration shares at HK\$0.18 each to the vendor as payment of part of the consideration for the acquisition of equity interest in Maxitech System.
- (iv) On 12 July 2006, the Company allotted and issued 249,302,000 shares at HK\$0.06 per share as a result of an open offer on the basis of one offer share for every two existing shares held.

On 12 January 2007, the Company entered into a subscription agreement with Virtue Partner Group Limited. As a result, the Company allotted and issued 1,036,794,000 shares at HK\$0.01 per share.

- (v) The Company adopted a share option scheme on 21 May 2002 pursuant to a written resolution of the Company. On 20 April 2006, options to subscribe for an aggregate of 38,100,000 shares at HK\$0.163 per share had been granted by the Company under the scheme. On 26 May 2006, all the outstanding 38,100,000 share options were exercised.

## **16. POST BALANCE SHEET EVENTS**

On 12 June 2008, the shareholder (i.e. the vendor of the Acquisition and ex-convertible bond holder) and the Company entered into the settlement agreements in respect of the shortfall of the actual results of a subsidiary over its guaranteed results. Pursuant to the settlement agreement, the compensation from the shareholder is first to be setoff against the carrying value of the promissory note and the remaining amount is to be compensated by a new guaranteed profit. Under the new guaranteed profit, the shareholder has irrevocably warranted and guaranteed to the Group that the new guaranteed profit for the 36-month period commencing from 1 April 2008 shall be no less than the remaining balance. As a result, the full amount due from a shareholder (note 11) is transferred to derivative financial instruments, based on the new settlement arrangement.

Details of the agreements have been set out in the Company's announcement dated 13 June 2008 and the agreements are subject to the approval of the independent shareholders at the extraordinary general meeting.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **GENERAL**

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, the trading of recycled computers and the trading of bags and accessories.

The Group is currently engaged in property assembly schemes for approximately 102 redevelopment projects in Hong Kong. Those projects engaged are all residential and commercial properties which are located on the Hong Kong Island and Kowloon side.

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

### **FINANCIAL PERFORMANCE**

The turnover of the Group for the year ended 31 March 2008 amounted to approximately HK\$143,155,000, representing an increase of approximately 59% comparing to the previous fiscal year of approximately HK\$89,939,000. The significant increase in turnover was attributed by the contribution of the new business of property assembly and brokerage which accounted for approximately 56% of the Group's turnover for the reporting year.

In respect of the operating profit, it was approximately HK\$36,740,000 while the operation for the corresponding year incurred an operating loss of approximately HK\$11,142,000. As a result of the improvement in operation, the profit attributable to equity holders for the reporting year was increased to approximately HK\$27,657,000 comparing with the loss attributable to equity holders of approximately HK\$11,653,000 for the corresponding year. The improvement in the results of the Group for the year ended 31 March 2008 was also mainly due to the new business of property assembly and brokerage, which was acquired on 29 May 2007 and recorded a segment profit of approximately HK\$36,340,000 for the reporting year.

### **BUSINESS OVERVIEW**

In a view of Hong Kong's favorable economic conditions and upward momentum of robust growth for local property market, the business potential of our core businesses, the provision of property assembly, brokerage and trading remains positive. The turnover from the new property assembly and brokerage business was approximately HK\$80,687,000, representing approximately 56% in the Group's turnover; while its segment profit was approximately HK\$36,340,000 which accounted for approximately 99% to the Group's operating profit in the fiscal year of 2008. Following the acquisition of the business on 29 May 2007, the result of the Group has a remarkable turnaround and recorded a net profit after taxation of approximately HK\$27,657,000, which represents a huge improvement comparing to the year ended 31 March 2007, which recorded a loss for the year of approximately HK\$11,653,000.

However, the drastic surge of property prices during the period from June 2007 to January 2008 was amounted to an average of around 30% accumulated increase according to our internal statistical data. It caused an observing phenomenon in the old flats trading business, so that several key property assembly projects, especially in Mid-Levels of Hong Kong Island remained pending. Developers have raised their offers but they are still lower than the asking prices of the owners. As a result of property price increase, a number of key assembly projects have been either put on hold or have their profit margin being reduced during the year ended 31 March 2008, so that the result of the Group for the year ended 31 March 2008 was lagging behind the expectation of the directors of the Company (the “Director(s)”). During the period from 29 May 2007 to 31 March 2008, the Group has completed 7 major assembly projects, which are mainly located in Mid-Levels of Hong Kong Island and in the densely populated location in Hong Kong Island and Kowloon side, such as Causeway Bay, Western District, Shau Kei Wan, Sham Shui Po, etc., with the total contract sum and the total gross profit of approximately HK\$1,275,000,000 and HK\$38,300,000 respectively.

As at 31 March 2008, the Group had approximately 95 property assembly projects in progress with the total site areas of approximately 810,000 square feet. Among those projects in progress, there were approximately 52 projects located on Hong Kong Island, mainly in Mid-Levels, Sheung Wan, Causeway Bay, Western District, Shau Kei Wan and Quarry Bay. There were approximately 43 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\$31,062,000 to the Group’s turnover, representing approximately 22% to the Group’s turnover for the reporting year. It recorded a segment loss of approximately HK\$2,928,000 for the reporting year. The segment loss and the decrease in turnover for the reporting year was mainly caused by the fierce competition, the shrinking of the market of recycled computers, the rising operating costs and the impairment loss on goodwill.

The trading business of bags and accessories recorded a turnover and segment profit of approximately HK\$31,406,000 and approximately HK\$124,000 respectively, which represented a substantial decrease comparing to the corresponding year. The decrease in both turnover and segment profit was because of the keen competition and the drastic increase in operating costs and rental expenses over the past two years.

## **PROSPECTS**

Hong Kong economic outlook remains optimistic in the coming year 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 aging building has created burden on owners of aging 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 businesses.

Notwithstanding a drastic surge in property prices over the second half of 2007, which led to the suspension of several key property assembly projects, the property price in 2008 are expected to be steady with slightly growth and such an environment would be more favourable for the business of property assembly. In adapting to drastic changes, 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.

In order to maintain sustainable growth in market share and returns, the Group believes a professional team of real estate agents is necessary. For the period from 29 May 2007, being the date of acquisition of Richfield Realty Limited (“Richfield Realty”), to the date of this announcement, the Group has expanded its real estate team from approximately 25 to 70 persons and the Group has planned to further increase its real estate team to approximately 90 persons at the end of 2008. To commensurate with the expansion of the team, the total number of property assembly projects in progress has been increased to approximately 102, with the total site area of approximately 900,000 square feet, as at the date of this announcement. It is expected that about one-tenth of the projects in progress will be completed for each year.

In accordance with the agreement (the “Acquisition Agreement”) dated 10 April 2007 for the acquisition (the “Acquisition”) of Richfield Realty, both Richfield (Holdings) Limited (the “RHL”), being the vendor of the Acquisition, and Mr. Au Wing Wah, being the guarantor of the Acquisition was 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 estimation of the management of Richfield Realty, there is a shortfall between the actual audited net profit before payment of bonus payable to the management of Richfield Realty and after tax for the Guaranteed Period and the Guaranteed Profit. The shortfall is mainly the result of the drastic surge in property prices during the second half of 2007. Having considered the prospects of the business of the property assembly and brokerage and the potential of Richfield Realty, an agreement (the “Settlement Agreement”) was entered into on 12 June 2008 which, among the other things, was proposed to extend the time for fulfillment of an agreed guaranteed profit. 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 for the interests of the Company and the shareholders of the Company as a whole.

In respect of the trading businesses of bags and accessories as well as 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 not 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.



## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the year, the Group financed its operations with its own working capital.

As at 31 March 2008, the Group had net current assets of approximately HK\$623,978,000 (2007: approximately HK\$30,637,000) including bank and cash balances of approximately HK\$245,107,000. As at 31 March 2007, bank and cash balances (including pledged bank deposits) were approximately HK\$23,141,000.

As at 31 March 2008, the Group had no other secured loan (2007: HK\$583,000 of which approximately HK\$83,000 was repayable within one year and approximately HK\$500,000 was repayable beyond one year but within five years).

As at 31 March 2008, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was 0 (2007: 0). The Group has no bank borrowing.

On 10 April 2007, the Company entered into an Acquisition Agreement with RHL to acquire Richfield Realty and a convertible bond of HK\$456,000,000 (the “Convertible Bond”), which forms part of the consideration for the Acquisition, was issued upon the completion of the Acquisition on 29 May 2007. The Convertible Bond can be converted into the shares of the Company at an initial conversion price of HK\$0.6 per share (subject to adjustments in accordance with the terms of the Convertible Bond) during its conversion period. The Convertible Bond were fully converted into 760,000,000 shares of the Company at a conversion price of HK\$0.6 per share during the year ended 31 March 2008.

On 26 July 2007, the Company, by way of top-up placement, allotted 368,500,000 shares to institutional investors who are third parties independent of the Company and its connected persons.

Following the full conversion of the Convertible Bond and the top-up placement, the total issued share capital of the Company is enlarged to 2,928,500,000 shares.

## **SIGNIFICANT INVESTMENTS**

As at 31 March 2008 and 31 March 2007, there was no significant investment held by the Group.

## **MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

As set out in the section headed “Liquidity, financial resource and capital structure” above, the Company has acquired the whole equity interests in Richfield Realty on 29 May 2007.

On 29 May 2007, the Company completed the Acquisition of the entire issued share capital of Richfield Realty, a company principally engaged in the provision of property brokerage services and carrying out schemes for property assembly and property trading in Hong Kong, from RHL for a total consideration of HK\$597,000,000. The consideration was satisfied as to HK\$456,000,000 by the Company issuing the Convertible Bond in the principal amount of HK\$456,000,000, as to HK\$120,000,000 by the Company issuing promissory notes in the principal amount of HK\$120,000,000 and as to HK\$21,000,000 by cash. Following the abovementioned completion, Richfield Realty has become a wholly-owned principal operating subsidiary of the Company.

Apart from the Acquisition, there were no material acquisitions or disposals of subsidiaries and affiliated companies during the year.

## CONTINGENT LIABILITIES

As at 31 March 2008 and 31 March 2007, the Group had no material contingent liabilities.

## LEASE AND CONTRACTED COMMITMENTS

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

As at 31 March 2008, the Group had total future minimum lease payments in respect of non-cancellable operating leases for land and buildings falling due as follows:

	2008 HK\$'000	2007 HK\$'000
Within one year	719	7,876
In the second to fifth years, inclusive	161	4,178
	<u>880</u>	<u>12,054</u>

## FOREIGN EXCHANGE EXPOSURE

The Group's income and expenditure during the year ended 31 March 2008 were denominated in United States ("US") dollars, Hong Kong ("HK") dollars and Renminbi ("RMB"), and most of the assets and liabilities as at 31 March 2008 were denominated in HK dollars. Accordingly, the Board is of the view that, to a certain extent, the Group is exposed to foreign currency exchange risk. For the US dollars foreign exchange exposure, the Board believes the exposure is small as the exchange rate of US dollars to HK dollars is comparatively stable. However, the Group is exposed to RMB foreign exchange exposure and fluctuation of exchange rates of RMB against HK dollars could affect the Group's results of operations. During the year, 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.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2008, the Group had 73 (2007: 86) employees, including Directors. Total staff costs (including Directors' emoluments) were approximately HK\$12,871,000 for the year ended 31 March 2008 (2007: approximately HK\$13,429,000). 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.

## **CHANGE OF COMPANY NAME**

The change of name of the Company from “Maxitech International Holdings Limited” to “Richfield Group Holdings Limited” and for the purposes of identification only, the adoption of a new Chinese name of “田生集團有限公司” to replace the existing Chinese name of “全美國際控股有限公司” was approved by the shareholders at a annual general meeting of the Company held on 26 July 2007.

## **DIVIDENDS**

The Board recommends the payment of a final dividend of HK0.717 cents per share for the year ended 31 March 2008 to the shareholders amounting to HK\$20,997,000.

## **CLOSURE OF REGISTER OF MEMBERS**

The registers of the Company will be closed from Wednesday, 30 July 2008 to Monday, 4 August 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend for the year ended 31 March 2008 and to attend the forthcoming annual general meeting, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company’s branch share registrars in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 29 July 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 year ended 31 March 2008, except for the deviation disclosed in this announcement.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings regarding securities transactions throughout the year ended 31 March 2008.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

According to the code provision A.2.1 of the Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. During the year, the roles of the chairman and chief executive officer were performed by Mr. Pong Wai San, Wilson until his resignation as the chairman of the Company on 5 February 2008 for the reason of improving the corporate governance of the Group. No replacement for the post of the chairman has been fixed yet. The Board will review the current structure from time to time. If candidate with suitable leadership, knowledge, skills and experience is identified within or outside the Group, the Company will make necessary arrangement for the new appointment at the appropriate time.

## **REMUNERATION COMMITTEE**

The remuneration committee of the Company (the “Remuneration Committee”) was established with written terms of reference in compliance with the code provisions. The Remuneration Committee consists of four members, of which majority are independent non-executive Directors, namely Mr. Pong Wai San, Wilson, Mr. Koo Fook Sun, Louis, Mr. Lai Hin Wing, Henry and Mr. Lung Hung Cheuk. The chairman of the committee is Mr. Pong Wai San, Wilson.

The roles and functions of the Remuneration Committee include the determination of the specific remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive Directors.

## **NOMINATION COMMITTEE**

The nomination committee of the Company (the “Nomination Committee”) was established on 12 November 2007 with written terms of reference in compliance with the code provisions. As at the date of this announcement, it consists of four members, of which majority are independent non-executive Directors, namely Mr. Pong Wai San, Wilson, Mr. Koo Fook Sun, Louis, Mr. Lai Hin Wing, Henry and Mr. Lung Hung Cheuk, and all were appointed on 12 November 2007. The chairman of the Nomination Committee is Mr. Lai Hin Wing, Henry.

The roles and functions of the Nomination Committee include nomination of the potential candidates for directorship, reviewing the nomination of the Directors and making recommendations to the Board for ensuring that all nominations are fair and transparent.

The Nomination Committee did not hold any meeting for the period from 12 November 2007 to 31 March 2008.

## **AUDIT COMMITTEE**

The Company established an audit committee (the “Audit Committee”) with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group and provide advice and comments on the Company’s draft annual reports and accounts, half year reports and quarterly reports to Directors. The Audit Committee comprises three members, Mr. Koo Fook Sun, Louis, Mr. Lai Hin Wing, Henry and Mr. Lung Hung Cheuk, all of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Koo Fook Sun, Louis.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 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 year ended 31 March 2008.

## **DIRECTOR'S INTERESTS IN COMPETING INTERESTS**

As at the date of this announcement, 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.

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

Hong Kong, 23 June 2008

*As at the date of this announcement, 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.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least 7 days from its date of posting and on the designated website of this Company at [ir.sinodelta.com.hk/richfieldgp/](http://ir.sinodelta.com.hk/richfieldgp/).*