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RICHFIELD GROUP HOLDINGS LIMITED
田 生 集 團 有 限 公 司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8136)

AMENDMENTS OF TERMS TO THE SETTLEMENT AGREEMENT

In order to reflect the original intention of the parties as actuated in the Supplemental Agreement, on 25 August 2010, the Purchaser, the Vendor and the Company have entered into the Second Supplemental Agreement to the Settlement Agreement, pursuant to which the New Guaranteed Profit will include the profits of Richfield Realty and the New Companies. The New Companies are indirect wholly – owned subsidiaries of the Company formed to take over some of the operation functions previously undertaken by Richfield Realty pursuant to an internal restructuring of the Group. The internal restructuring was implemented after the completion of the Acquisition to strengthen the internal control and corporate governance of members of the Group, and to improve management efficiency and accountability.

The Company considers that the Proposed Amendments do not constitute a material change to the terms of the Settlement Agreement.

Reference is made to the circular and the supplementary circular of the Company dated 4 July 2008 and 28 July 2008 respectively (together as the “**Circulars**”) and the announcements of the Company dated 13 June 2008 and 18 July 2008 respectively (together as the “**Announcements**”) relating to, among others, the Settlement Agreement regarding the profit guarantee given by the Vendor to the Purchaser. Unless otherwise stated, capitalised terms used in this announcement shall bear the same meanings as defined in the Announcements and Circulars.

* For identification purposes only

BACKGROUND OF THE SETTLEMENT AGREEMENT AND THE PROPOSED AMENDMENTS

On 10 April 2007, Vastwood Limited, a wholly owned subsidiary of the Company, as the Purchaser entered into the Acquisition Agreement with Richfield (Holdings) Limited as the Vendor and Mr. Au as the Guarantor in relation to the Acquisition of Richfield Realty. Immediately before internal group restructuring as disclosed below, Richfield Realty was principally engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopments and property trading in Hong Kong and Richfield Realty itself alone carried out all such business functions itself.

Mr. Au, the then sole beneficial owner of the entire issued share capital of Richfield Realty immediately before Completion has guaranteed in favour of the Purchaser that Richfield Realty should achieve the Base Profit of HK\$150,000,000. Should Richfield Realty fail to achieve the Base Profit, the product of the shortfall between the Base Profit and the Actual Profit and 3.98 (being the price earnings multiple) shall set off against the face value of the Promissory Note and Convertible Bonds issued to the Vendor. If such product exceeds the face value of the Promissory Note and Convertible Bonds for the time being outstanding, the Vendor shall compensate the Group in cash. For further details of the Acquisition, please refer to the announcement and the circular of the Company dated 18 April 2007 and 10 May 2007 respectively.

Completion took place on 29 May 2007 and the Convertible Bonds in the aggregate principal amount of HK\$456,000,000 were duly issued to the Vendor as part of the Consideration. The Convertible Bonds were fully converted by the Vendor into an aggregate of 760,000,000 Shares representing approximately 25.95% of the existing issued share capital of the Company. Accordingly, the Vendor is a connected person of the Company pursuant to Rule 20.11 of the GEM Listing Rules.

Since the Base Profit has not been achieved as disclosed in the Circulars, the parties to the Acquisition Agreement has, on 12 June 2008, entered into the Settlement Agreement pursuant to which the Vendor has irrevocably warranted and guaranteed to the Purchaser that the New Guaranteed Profit for the 36-month period commencing from 1 April 2008 will not be less than the amount calculated as follows:

$$\begin{aligned} \text{New Guaranteed Profit} &= ((\text{Guaranteed Profit} - \text{Actual Profit}) \times 3.98 - \text{HK\$120,000,000} \\ &\quad (\text{being the face value of the Promissory Note}) \times 1.06 \\ &\quad (\text{being the interests rate}) \end{aligned}$$

As security for the performance of the Settlement Agreement, the Vendor has also given a Share Charge in favour of the Purchaser over the 760,000,000 issued Shares beneficially owned by the Vendor.

As a result of the change of year end date of the Company as announced on 18 July 2008, the parties to the Settlement Agreement has entered into the Supplemental Agreement on 17 July 2008, pursuant to which the relevant period for the New Guaranteed Profit has been changed from 1 April 2008 to 31 March 2011 to the 36-month period from 1 July 2008 to 30 June 2011.

Both the Settlement Agreement and the Supplemental Agreement and the transactions respectively contemplated thereunder have been approved by the Independent Shareholders at the extraordinary general meetings of the Company held on 4 August 2008 and 25 August 2008 respectively.

After completion of the Acquisition, the Group has undergone internal group restructuring with the incorporation of a number of companies as wholly subsidiaries of the Purchaser (together as the “**New Companies**”). The purpose of the internal group restructuring is to enhance the internal control and corporate governance of the members of the Group. In addition, the internal group restructuring will detach the profit centres and the cost centres of the original property related business functions carried out by Richfield Realty alone and would improve the management efficiency and accountability.

Consequently after such internal group restructuring, Richfield Realty is now mainly engaged in the provision of estate agency services and received agency income. All other services in connection with property consolidation, assembly and redevelopments are mainly carried out by the New Companies. Both the New Companies and Richfield Realty are wholly owned by Vastwood Limited and are under the same management.

Since the New Guaranteed Profit as guaranteed by the Vendor under the Settlement Agreement concerns the profit of Richfield Realty only, a strict interpretation of the relevant provisions of the Settlement Agreement and the Supplemental Agreement will mean that the revenues and profit presently generated by the New Companies, but which were carved out from the original operations of Richfield Realty, would not be accounted for in the calculation of the New Guaranteed Profit.

THE ENTERING INTO OF THE SECOND SUPPLEMENTAL AGREEMENT AND THE PROPOSED AMENDMENTS

In order to reflect the original intention of the parties as actuated in the Supplemental Agreement, on 25 August 2010, the Purchaser, the Vendor and the Company have entered into a supplemental agreement (the “**Second Supplemental Agreement**”) to the Settlement Agreement, pursuant to which the New Guaranteed Profit will include the profits of Richfield Realty and the New Companies (the “**Proposed Amendments**”).

The Company considers that the Proposed Amendments do not constitute a material change to the terms of the Settlement Agreement and is of the view that the Proposed Amendments are merely reflection of the original terms that have been approved by the Independent Shareholders and are necessitated by the implementation of the internal restructuring of the Group as mentioned herein.

By order of the board of directors of
RICHFIELD GROUP HOLDINGS LIMITED
Lee Wing Yin
Executive Director

Hong Kong, 25 August 2010

At the date of this announcement, the Company's executive directors are Mr. Pong Wai San, Wilson and Mr. Lee Wing Yin, 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, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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