

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Richfield Group Holdings Limited, you should at once hand this circular to the purchaser or the transferee, or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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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)

CONNECTED TRANSACTION

Financial adviser to Richfield Group Holdings Limited



Optima Capital Limited

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**

Nuada Limited
Corporate Finance Advisory

A notice convening an extraordinary general meeting of the Company to be held at Michael Li & Co., 14th Floor, Printing House, 6 Duddell Street, Central, Hong Kong on Monday, 4 August 2008 at 5:00 p.m. is set out on pages 27 to 28 of this circular. A form of proxy for use at the extraordinary general meeting is enclosed with this circular.

If you are not able to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

This circular will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least seven days from the date of its posting.

CHARACTERISTIC OF GEM

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.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the entire equity interest in Richfield Realty by the Purchaser pursuant to the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 10 April 2007 entered into among the Vendor, the Purchaser and the Guarantor in relation to the Acquisition
“Actual Profit”	the actual audited net profit before payment of the bonus payable to the management of Richfield Realty (if any) and after tax and any extraordinary or exceptional items of Richfield Realty for the 12-month period commencing from the Completion Date
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Base Profit” or “Guaranteed Profit”	HK\$150,000,000, being the audited net profit before payment of the bonus payable to the management of Richfield Realty (if any) and after tax and any extraordinary or exceptional items of Richfield Realty for the 12-month period commencing from the Completion Date
“Business Day”	a day (other than a Saturday or a Sunday or public holiday or a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general commercial business
“Circular”	the circular of the Company dated 10 May 2007 in relation to the Acquisition
“Company”	Richfield Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM
“Completion”	completion of the Acquisition in accordance with the Acquisition Agreement
“Completion Date”	29 May 2007, being the completion date of the Acquisition

DEFINITIONS

“connected persons”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the total consideration for the Acquisition, being HK\$597,000,000, which has been satisfied by the Convertible Bonds, the Promissory Note and cash pursuant to the Acquisition Agreement
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$456,000,000 issued to the Vendor (or its nominee(s)) to satisfy part of the Consideration
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Settlement Agreement and the transactions contemplated thereunder
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee comprising all the independent non-executive Directors (Mr. Koo Fook Sun, Louis, Mr. Lai Hin Wing, Henry and Mr. Lung Hung Cheuk) established to advise the Independent Shareholders regarding the transactions contemplated under the Settlement Agreement
“Independent Shareholders”	Shareholders other than the Vendor, the Guarantor and their respective associates who are required to abstain from voting at the EGM
“Mr. Au” or “Guarantor”	Mr. Au Wing Wah, being the holder of the entire issued share capital of the Vendor and the guarantor under the Acquisition Agreement guaranteeing the due performance of the Vendor

DEFINITIONS

“New Guaranteed Profit”	the audited net profit before payment of the bonus payable to the management of Richfield Realty (if any) and after tax and any extraordinary or exceptional items of Richfield Realty for the 36-month period commencing from 1 April 2008, being the new guaranteed profit warranted and guaranteed by the Vendor to the Purchaser
“Latest Practicable Date”	2 July 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Promissory Note”	a promissory note in the principal amount of HK\$120,000,000 issued by the Company to the Vendor to satisfy part of the Consideration
“Purchaser”	Vastwood Ltd., a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Richfield Realty”	Richfield Realty Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Settlement Agreement”	the settlement and amendment agreement dated 12 June 2008 entered into among the Vendor, the Purchaser and the Guarantor in relation to the New Guaranteed Profit
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Share Charge”	the share charge executed on 12 June 2008 by the Vendor as chargor in favour of the Purchaser as a chargee in respect of the first fixed charge over 760,000,000 issued Shares beneficially owned by the Vendor
“Shareholder(s)”	holder(s) of the Shares
“Shortfall”	the shortfall between the Actual Profit and the Guaranteed Profit

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Richfield (Holdings) Limited, a company incorporated in Marshall Islands and wholly owned by Mr. Au
“Nuada ”	Nuada Limited, a corporation licensed under the SFO to carry on type 6 (advising on corporate finance) regulated activity and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Settlement Agreement
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8136)

Executive Director:

Mr. Pong Wai San, Wilson

Non-executive Director:

Mr. Li Chi Chung

Independent non-executive Directors:

Mr. Koo Fook Sun, Louis

Mr. Lai Hin Wing, Henry

Mr. Lung Hung Cheuk

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Unit 1209, 12th Floor

Silvercord Tower 2

30 Canton Road

Tsim Sha Tsui, Hong Kong

4 July 2008

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

INTRODUCTION

The Company announced on 13 June 2008 that the Vendor, the Purchaser and Mr. Au entered into the Settlement Agreement on 12 June 2008. Reference is made to the announcement of the Company date 13 June 2008 in relation to, among other things, the transactions contemplated under the Settlement Agreement.

As at the Latest Practicable Date, the Vendor was interested in 760,000,000 issued Shares, representing approximately 26% of the existing total issued share capital of the Company. By virtue of the Vendor's interests in the Company and the Settlement Agreement, the transactions contemplated under the Settlement Agreement constitute a connected transaction of the Company under Rule 20.13 of the GEM Listing Rules and are subject to the approval of the Independent Shareholders at the EGM.

* For identification purposes only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with details of the Settlement Agreement, to set out the recommendation of the Independent Board Committee, and to set out the letter of advice from Nuada to the Independent Board Committee and the Independent Shareholders in respect of the Settlement Agreement and the transactions contemplated thereunder.

BACKGROUND OF THE ACQUISITION

On 10 April 2007, the Purchaser entered into the Acquisition Agreement with the Vendor and the Guarantor in relation to the Acquisition. The Consideration was determined by taking into account of the Base Profit. The Consideration represented a price earnings multiple of 3.98 times the Base Profit taking into consideration the potential profitability of the projects on hand engaged by Richfield Realty, the progress of the projects for the next 12 months, the probability of success of the projects, the anticipated selling price of the properties successfully consolidated and the business expansion in terms of the number of projects in progress and the number of staff employed.

Mr. Au, the then sole beneficial owner of the entire issued share capital of Richfield Realty before the Completion has guaranteed in favour of the Group that Richfield Realty could achieve the Base Profit. Should Richfield Realty fail to achieve the Base Profit, the product of the shortfall 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 which is wholly owned by Mr. Au. 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. Details of the Acquisition are set out in the Circular.

The 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 26% 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.

Based on the estimation of the management of Richfield Realty, the unaudited net profit before payment of the bonus payable to the management of Richfield Realty (if any) and after tax and any extraordinary or exceptional items of Richfield Realty for the 12-month period commencing from the Completion Date (subject to audit) was approximately HK\$40,000,000. On this basis, there would be an estimated shortfall of approximately HK\$110,000,000. The Shortfall is mainly the result of the drastic surge in property prices during the second half of 2007. However, Shareholders should note that the Actual Profit and the Shortfall are subject to the audit of the accounts of Richfield Realty for the year ended 28 May 2008.

LETTER FROM THE BOARD

On 12 June 2008, the Vendor as a chargor has executed the Share Charge in favour of the Purchaser as a chargee in respect of the first fixed charge over 760,000,000 issued Shares beneficially owned by the Vendor and the market value of such Shares was HK\$69,160,000 as at the date of the Settlement Agreement. Having considered the prospects of the business of the property assembly and brokerage and the potential of Richfield Realty, the Vendor, the Purchaser and Mr. Au entered into the Settlement Agreement on 12 June 2008.

SETTLEMENT AGREEMENT

Date: 12 June 2008

Parties: (i) Richfield (Holdings) Limited, a company wholly owned by Mr. Au (as the Vendor);

(ii) Vastwood Limited, a wholly-owned subsidiary of the Company (as the Purchaser); and

(iii) Mr. Au (as the Guarantor)

To the best of the Directors' knowledge, the Vendor is an investment holding company.

Settlement arrangement:

Pursuant to the Settlement Agreement, 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:

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

If the actual audited net profit before payment of the bonus payable to the management of Richfield Realty (if any) and after tax and any extraordinary or exceptional items of Richfield Realty for the 36-month period commencing from 1 April 2008 (the "Third Actual Profit") is less than the New Guaranteed Profit, then the Vendor shall pay to the Purchaser an amount calculated as follows:

$$B = (\text{New Guaranteed Profit} - \text{Third Actual Profit})$$

where B is the amount to be paid by the Vendor to the Purchaser. In such event, the Purchaser or its nominee(s) has right to release the share certificates of the securities charged by the Vendor to the Purchaser under the Share Charge. The Vendor and the Purchaser shall jointly procure the disposal of such securities charged under the Share Charge at the then best price reasonably obtainable and thereafter, pay the net proceeds from such sale to the Purchaser promptly after completion of such sale with the balance

LETTER FROM THE BOARD

(if any) of the net proceeds returned to the Vendor. The Vendor has also agreed that the Purchaser can use any dividends, payments, interest or other amounts with respect to the securities charged under the Share Charge (the "Other Monies") held by the Purchaser to set off any shortfall by subtracting such net proceeds from B. The Vendor has undertaken to the Purchaser that it will, contemporaneously upon the payment of such net proceeds to the Purchaser and setting off such Other Monies against the shortfall, pay to the Purchaser any shortfall by subtracting such net proceeds and Other Monies from B in cash.

Should Richfield Realty record a loss after summing up the audited net profits and/or net losses before payment of the bonus payable to the management of Richfield Realty (if any) and after tax and any extraordinary or exceptional items of Richfield Realty in its audited financial statements for the years ending 31 March 2009, 31 March 2010 and 31 March 2011 respectively, the Third Actual Profit for the said three financial years shall be deemed as zero.

If any of the following circumstances exist, the Purchaser shall release all the securities charged under the Share Charge to the Vendor or its nominee(s) within seven Business Days:

- (1) the actual audited net profits before payment of the bonus payable to the management of Richfield Realty (if any) and after tax and any extraordinary or exceptional items of Richfield Realty for the year ended 31 March 2009 (the "First Actual Profit") is equal to or more than the New Guaranteed Profit;
- (2) the actual audited net profits before payment of the bonus payable to the management of Richfield Realty (if any) and after tax and any extraordinary or exceptional items of Richfield Realty for the two years ended 31 March 2010 (the "Second Actual Profit") is equal to or more than the New Guaranteed Profit; or
- (3) the actual audited net profits before payment of the bonus payable to the management of Richfield Realty (if any) and after tax and any extraordinary or exceptional items of Richfield Realty for the three years ended 31 March 2011 is equal to or more than the New Guaranteed Profit.

Consideration:

In consideration of the Purchaser agreeing to amend the terms in respect of the Guaranteed Profit, the Vendor agreed that the Purchaser has no obligation to pay:

- (i) any outstanding principal sum and interest accrued in accordance with the provisions of the Promissory Note and the Promissory Note shall be returned to the Purchaser for cancellation upon completion of the Settlement Agreement. As at the date of the Settlement Agreement, the outstanding principal sum of the Promissory Note was HK\$120,000,000 and the outstanding amount of the interest accrued but not paid to the Vendor was approximately HK\$1.2 million which was calculated at the rate of 1% per annum; and

LETTER FROM THE BOARD

- (ii) any interest accrued in accordance with the provisions of the Convertible Bonds. As at the date of the Settlement Agreement, the interest accrued but not paid to the Vendor amounted to approximately HK\$0.4 million which was calculated at the rate of 1% per annum.

The consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor by reference to the estimated Shortfall, the outstanding principal sum of the Promissory Note and the calculation of the New Guaranteed Profit.

Conditions:

Completion of the Settlement Agreement is conditional upon the passing by the Independent Shareholders at the EGM to be convened and held of the necessary resolution to approve the Settlement Agreement and the transactions contemplated thereunder.

In the event of the above condition not being fulfilled by 30 September 2008 (or such other time and date as may be agreed between the Vendor and the Purchaser), all rights, obligations and liabilities of the parties thereunder, but not the Acquisition Agreement, shall cease and determine and neither party shall have any claim against the other, save for any prior antecedent breaches.

Completion:

Completion of the Settlement Agreement shall take place on the date falling the third Business Day after the above condition has been fulfilled (or at such other time and on such other date the Vendor and the Purchaser may agree).

REASONS FOR THE SETTLEMENT AGREEMENT

The Group is 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 retail and wholesale of bags and accessories.

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 is expected to be steady with slightly growth and such an environment would be more favourable for the business of property assembly. In adapting to the drastic changes, the Group has responded by diversifying its resources from Mid-Levels property markets to areas where the prevailing property prices are less inflated such as Western District,

LETTER FROM THE BOARD

Quarry Bay and Shau Ki Wan, etc. on the Hong Kong Island and Ho Man Tin, Sham Shui Po and Mong Kok, etc. on the Kowloon side. The Group is expected to be benefited from this shift of focus for higher and steady returns in the forthcoming periods.

Furthermore, in order to maintain sustainable growth in market share and return, Richfield Realty has expanded its professional team on property assembly from approximately 25 to 70 persons and it will be further expanded to approximately 90 persons by the end of 2008. As a result of the expansion, the number of property assembly projects in progress and the number of assembly projects completed in the forthcoming years are expected to increase.

In view of a more favourable business environment for the property assembly business in 2008 and having considered the potential growth of Richfield Realty, the Group is confident that the performance of Richfield Realty will be improved in the forthcoming years. Having considered the prospects of the business of the property assembly and brokerage and the potential of Richfield Realty, the Directors are of the view that the terms of the Settlement Agreement are fair and reasonable and the entering into of the Settlement Agreement is in the interests of the Company and Shareholders as a whole.

GEM LISTING RULES IMPLICATION

As at the Latest Practicable Date, the Vendor was interested in 760,000,000 issued Shares, representing approximately 26% of the existing total issued share capital of the Company. By virtue of the Vendor's interests in the Company and the Settlement Agreement, the transactions contemplated under the Settlement Agreement constitute a connected transaction of the Company under Rule 20.13 of the GEM Listing Rules and are subject to the approval of the Independent Shareholders at the EGM. The Vendor, the Guarantor and their respective associates have to abstain from voting at the EGM. The resolution in respect of the Settlement Agreement and the transactions contemplated thereunder to be proposed at the EGM for approval by the Independent Shareholders will be taken by a poll.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms of the Settlement Agreement and the transactions contemplated thereunder. Nuada, the independent financial adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

EGM

The Company will convene an EGM at Michael Li & Co., 14th Floor, Printing House, 6 Duddell Street, Central, Hong Kong on 4 August 2008 at 5:00 p.m. (or any adjournment thereof), to consider the transactions contemplated under the Settlement Agreement. A notice of EGM is set out on pages 27 to 28 of this circular. The Vendor, Guarantor and their respective associates will abstain from voting in respect of the ordinary resolution proposed to approve the transactions contemplated under the Settlement Agreement at the EGM.

LETTER FROM THE BOARD

Whether or not you intend to attend the EGM, you are requested to complete and return the form of proxy accompanying the annual report of the Company in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. The completion and return of a form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof in person if you so wish.

POLL PROCEDURE

The votes to be taken at the EGM in relation to the Settlement Agreement will be taken by a poll, the results of which will be announced after the EGM. According to Article 66 of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

Pursuant to Article 66A of the Company, notwithstanding any other provisions in the Articles, if the aggregate proxies held by (i) the chairman of a particular meeting, and/or (ii) the Directors, account for five (5) per cent or more of the total voting rights at that meeting, and if on a show of hands in respect of any resolution, the meeting votes in the opposite manner to that instructed in those proxies, the chairman of the meeting and/or any Director holding proxies as aforesaid shall demand a poll.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the advice of the Independent Board Committee set out in its letter on page 13 of this circular. Your attention is also drawn to the letter of advice from Nuada to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Settlement Agreement set out on pages 14 to 21 in this circular. The Independent Board Committee, having taken into account the advice of Nuada, considers that the Settlement Agreement is in the interests of the Company and the Shareholders as a whole. The Independent Board Committee also considers that the Settlement Agreement is fair and reasonable so far as the Independent Shareholders are concerned and recommend that the Independent Shareholders to vote in favour of the ordinary resolution to approve the transactions contemplated under the Settlement Agreement at the EGM.

GENERAL

Your attention is drawn to the information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board
Richfield Group Holdings Limited
Pong Wai San, Wilson
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8136)

4 July 2008

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

We refer to the circular of the Company dated 4 July 2008 of which this letter forms part. Terms used in this letter shall have the same meanings as defined in this circular unless the context otherwise requires.

We have been appointed by the Board to consider the transactions contemplated under the Settlement Agreement and to advise the Independent Shareholders as to whether, in our opinion, the transactions contemplated under the Settlement Agreement are fair and reasonable so far as the Independent Shareholders are concerned. Nuada has been appointed as the independent financial adviser to advise us in this respect.

We wish to draw your attention to the letter from the Board and the letter from Nuada as set out in this circular. Having considered the principal factors and reasons considered by, and the advice of Nuada as set out in its letter of advice, we consider that the Settlement Agreement is in the interests of the Company and the Shareholders as a whole. We also consider that the transactions contemplated under the Settlement Agreement are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the transactions contemplated under the Settlement Agreement at the EGM.

Yours faithfully,

For and on behalf of

Independent Board Committee

Koo Fook Sun, Louis

Lai Hin Wing, Henry

Lung Hung Cheuk

Independent non-executive Directors

* *For identification purposes only*

LETTER FROM NUADA

The following is the text of a letter of advice from Nuada Limited in connection with the terms of the Settlement Agreement of the Company which has been prepared for inclusion in this circular.

Nuada Limited
Corporate Finance Advisory

7th Floor, New York House
60 Connaught Road Central
Hong Kong

4 July 2008

*To the Independent Board Committee and
the Independent Shareholders of
Richfield Group Holdings Limited*

Dear Sirs,

CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Settlement Agreement, details of which are set out in the letter from the Board (the "Board's Letter") in the circular to the Independent Shareholders dated 4 July 2008 (the "Circular"), of which, this letter forms part. Unless otherwise stated, terms used in this letter have the same meanings as those defined in the Circular.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether the Settlement Agreement is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and the Directors. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company and the Directors and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be soon the date hereof.

LETTER FROM NUADA

The Directors collectively and severally accept full responsibility for the accuracy of the information contained in the Circular. The Directors have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We consider that we have reviewed sufficient information to satisfy ourselves that we have reasonable basis to assess the fairness and reasonableness of the Settlement Agreement in order to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to form a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information provided, nor have we carried out any in-depth investigation into the business, affairs and prospects of the Group or the markets in which it operates.

We have not studied, investigated nor verified the validity of all legal aspects of, and procedural aspects for, the Acquisition Agreement and the Settlement Agreement (the "Agreements"). We have further assumed that all material governmental, regulatory or other consents, rights, waivers, authorisations, licenses, clearances and approvals necessary for the effectiveness and implementation of the Agreements have been or will be obtained and will not be withdrawn without any adverse effect on the Group, the assets and liabilities of the Group or the contemplated benefits to the Group as derived from the Agreements.

Our opinion is necessarily based upon the financial, economic (including exchange rates and interest rates), market, regulatory and other conditions as they exist on, and the facts, information, representations and opinions made available to us as of the Latest Practicable Date. Our opinion does not in any manner address the Company's own decision to proceed with the Settlement Agreement. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein, which may come or be brought to our attention after the Latest Practicable Date.

PRINCIPAL FACTORS AND REASONS CONSIDERED

The principal factors and reasons we have taken into account in assessing the terms of the Settlement Agreement and in giving our advice to the Independent Board Committee and the Independent Shareholders are set out below:

Background

The Group is 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 retail and wholesale of bags and accessories.

On 18 April 2007, the Board announced that the Purchaser entered into the Acquisition Agreement with the Vendor and the Guarantor in relation to the Acquisition. The Consideration was determined by taking into account of the Base Profit. The Consideration represented a price earnings multiple of 3.98 times the

LETTER FROM NUADA

Base Profit taking into consideration the potential profitability of the projects on hand engaged by Richfield Realty, the progress of the projects for the next 12 months, the probability of success of the projects, the anticipated selling price of the properties successfully consolidated and the business expansion in terms of the number of projects in progress and the number of staff employed.

The Consideration of HK\$597,000,000 was satisfied as to (i) HK\$456,000,000 by the Purchaser procuring the Company issued the Convertible Bonds in the principal amount of HK\$456,000,000 to the Vendor (or its nominee(s)); (ii) HK\$120,000,000 by the Purchaser procuring the Company issued the Promissory Note in the principal amount of HK\$120,000,000 to the Vendor; and (iii) the balance of HK\$21,000,000 paid by the Purchaser in cash to the Vendor.

Mr. Au, the then sole beneficial owner of the entire issued share capital of Richfield Realty before the Completion has guaranteed in favour of the Group that Richfield Realty could achieve the Base Profit. Should Richfield Realty fail to achieve the Base Profit, the product of the shortfall and 3.98 (being the price earnings multiple) should set off against the face value of the Promissory Note and Convertible Bonds issued to the Vendor (the "Initial Shortfall"). In the event that the face value of the Promissory Note and Convertible Bonds is insufficient to set off such product, the Vendor should pay the Purchaser in cash the Initial Shortfall, but limited to HK\$597,000,000, being the Consideration, calculated as follows.

$$\text{Initial Shortfall} = ((\text{Base Profit} - \text{Actual Profit}) \times 3.98) - \text{Promissory Note} - \text{Convertible Bonds}$$

The 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 26% of the existing issued share capital of the Company. Richfield Realty has become a wholly-owned subsidiary of the Group after the Completion.

Upon the exercise of the conversion rights attached to the Convertible Bonds, the Vendor is interested in 760,000,000 Share, representing approximately 26% of the existing issue share capital of the Company as at the Latest Practicable Date. By virtue of the Vendor's interests in the Company and the Settlement Agreement, the transactions contemplated under the Settlement Agreement constitute a connected transaction of the Company under Rule 20.13 of the GEM Listing Rules and are subject to the approval of the Independent Shareholders at the EGM. The Vendor, the Guarantor and their respective associates have to abstain from voting at the EGM.

LETTER FROM NUADA

Reasons for entering into the Settlement Agreement

According to the Board's Letter, based on the estimation of the management of Richfield Realty, the unaudited net profit before payment of the bonus payable to the management of Richfield Realty (if any) and after tax and any extraordinary or exceptional items of Richfield Realty for the 12-month period commencing from the Completion Date (the "Previous Guarantee Period") (subject to audit) was approximately HK\$40 million. On this basis, there would be an estimated shortfall of approximately HK\$110 million. The shortfall is mainly the result of the drastic surge in property prices during the second half of 2007. However, Independent Shareholders should note that the Actual Profit and the Shortfall are subject to the audit of the accounts of Richfield Realty for the year ended 28 May 2008.

In order to respond to the fluctuation in property market in Hong Kong, the Group has diversified its resources from Mid-Levels property markets to areas where the prevailing property prices are less inflated such as Western District, Quarry Bay and Shau Ki Wan, etc. on the Hong Kong Island and Ho Man Tin, Sham Shui Po and Mong Kok, etc. on the Kowloon side. Furthermore, in order to maintain sustainable growth in market share and return, Richfield Realty has expanded its professional team on property assembly from approximately 25 to 70 persons and it will be further expanded to approximately 90 persons by the end of 2008.

Reference is made to the Company's final results announcement for the year ended 31 March 2008, (the "Final Results"). Notwithstanding the unaudited net profit before payment of the bonus payable to the management of Richfield Realty (if any) and after tax and any extraordinary or exceptional items of Richfield Realty for the 12-month period commencing from the Completion Date (subject to audit) was approximately HK\$40,000,000 as mentioned in the above, we note that the revenue derived from Richfield Realty recorded HK\$80,687,000, representing approximately 56.4% of the total revenue of HK\$143,155,000 of the Group for the year ended 31 March 2008. Besides, the Group recorded profit after income tax expenses of approximately HK\$27,657,000 for the year ended 31 March 2008 as compared to the loss after income tax expenses of approximately HK\$11,653,000 for the year ended 31 March 2007.

According to the Final Results, the Group had completed 7 majors assembly project during 29 May 2007 to 31 March 2008. Yet, the Group had approximately 95 property assembly projects in progress with total site area of approximately 810,000 square feet as at 31 March 2008.

In considering the Settlement Agreement, the Board concerns about the negative impact to the operation of Richfield Realty if the Company demands the aforesaid Initial Shortfall from the Vendor provided that (i) no long term service contract was entering between the Company and Mr. Au, the guarantor to the Acquisition Agreement, who is a key personnel of the management team of Richfield Realty may resign from the Group; and (ii) the long-term development of the Group in newly acquired business of property consolidation, assembly and redevelopment and property trading in Hong Kong.

LETTER FROM NUADA

Furthermore, as Richfield Realty's business develops and the Group's investment in assembly projects increases, its risk exposure to property market fluctuation would increase accordingly. In view of the serious contraction in real estate and property market in Hong Kong in years 1998 to 2003, the Board considers that it is necessary to act with prudence in property related business in order to protect the Company's interest. The Board is of the view that the Settlement Agreement represents a prudent and reasonable arrangement for the extension of profit guarantee for the next three years with the settlement terms as detailed below.

Assuming the Actual Profit of Richfield Realty for the 12-month period commencing from the Completion Date is approximately HK\$40 million, taking into consideration if the Group not to demand the Initial Shortfall of approximately HK\$317.8 million from the Vendor under the Acquisition Agreement, the Group would, in accordance with the terms under the Settlement Agreement, (i) be waived the obligation to repay the interest in aggregate amount of approximately HK\$1.6 million under the Promissory Note and Convertible Bonds; (ii) obtain the New Guaranteed Profit of approximately HK\$336.9 million as defined below for the next three years, with the guaranteed receipt of interest at the rate of 6% for the New Guarantee Period; and (iii) obtain the Share Charge in respect of the first fixed charged over 760,000,000 Shares issued Shares beneficially owned by the Vendor, with the market value of approximately HK\$69.16 million as at the date of the Settlement Agreement.

Having considered the reasons as stated in the above, the Directors are of the view that the terms of the Settlement Agreement are fair and reasonable and the entering into of the Settlement Agreement is in the interests of the Company and Shareholders as a whole.

In light of the foregoing the financial performance and business development of Richfield Realty for the year ended 31 March 2008 and the favourable terms provided to the Company according to the Settlement Agreement, we are of the view that the entering into the Settlement Agreement is in the interest of the Company and the Shareholders as a whole.

Principal terms of the Settlement Agreement

Consideration

Pursuant to the Settlement Agreement, (i) the Vendor shall return to the Purchaser the Promissory Note in the outstanding principal sum of HK\$120 million for cancellation; and the Purchaser has no obligation to pay the outstanding principal amount of the Promissory Note and amount of the interest accrued but not paid to the Vendor of approximately HK\$1.2 million as at the date of the Settlement Agreement which was calculated at the rate of 1% per annum; and (ii) the Purchaser has no obligation to pay the interest accrued in respect of the Convertible Bonds but not paid to the Vendor amounted to approximately HK\$0.4 million as at the date of the Settlement which was calculated at the rate of 1% per annum.

LETTER FROM NUADA

Taking into account the reasons for entering into the Settlement Agreement as stated in the above, we are of the view that the compensation to the Group of not meeting the Guaranteed Profit warranted by the Vendor and amending the terms of the Guaranteed Profit under the Settlement Agreement by waiving the payment obligation by Company of the principal amount and interest accrued under the Promissory Note and the interest accrued under the Convertible Bonds is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

New Guaranteed Profit

The Vendor has irrevocably warranted and guaranteed to the Purchaser that the actual audited net profit before payment of the bonus payable to the management of Richfield Realty (if any) and after tax and any extraordinary or exceptional items of Richfield Realty for the 36-month period commencing from 1 April 2008 (the "Third Actual Profit") shall not be less than the New Guaranteed Profit calculated as follows:

New Guaranteed Profit $((\text{Guaranteed Profit} - \text{Actual Profit}) \times 3.98 - \text{Promissory Note}) \times 1.06$ (being the interest rate)

Period 36-month period commencing from 1 April 2008 until 31 March 2011 (the "New Guarantee Period")

If the Third Actual Profit is less than the New Guaranteed Profit, the Vendor shall pay to the Purchaser an amount calculated as follows:

$B = \text{New Guaranteed Profit} - \text{Third Actual Profit}$

If Richfield Realty record a loss after summing up the audited net profits and/or net losses before payment of the bonus payable to the management of Richfield Realty (if any) and after tax and any extraordinary or exceptional items of Richfield Realty in its audited financial statements for the years ending 31 March 2009, 31 March 2010 and 31 March 2011 respectively, the Third Actual Profit for the said three financial years shall be deemed as zero.

Assuming the Actual Profit of Richfield Realty for the 12-month period commencing from the Completion Date is approximately HK\$40,000,000, the New Guaranteed Profit would be calculated as follow:

HK\$110 million (the Guaranteed Profit of HK\$150 million minus the Actual Profit of HK\$40 million) $\times 3.98 - \text{HK\$120 million (the Promissory Note)} \times 1.06$ (the interest rate) equals to approximately HK\$336.9 million

The Vendor shall pay to the Purchaser in cash and with the net proceeds from the disposal of the 760,000,000 Shares charged under the Share Charge as detailed below if the New Guaranteed Profit cannot be met after the 36-month New Guarantee Period.

LETTER FROM NUADA

Provision in relation to the Share Charge (the "Share Charge Provision")

In the event that the New Guaranteed Profit exceeds the Third Actual Profit, the Purchaser or its nominee(s) has right to release the share certificates of the securities charged by the Vendor to the Purchaser under the Share Charge. The Vendor and the Purchaser shall jointly procure the disposal of such securities charged under the Share Charge at the then best price reasonably obtainable and thereafter, pay the net proceeds from such sale to the Purchaser promptly after completion of such sale with the balance (if any) of the net proceeds returned to the Vendor. The Vendor has also agreed that the Purchaser can use any dividends, payments, interest or other amounts with respect to the securities charged under Share Charge (the "Other Monies") held by the Purchaser to set off any shortfall by subtracting such net proceeds from B. The Vendor has undertaken to the Purchaser that it will, contemporaneously upon the payment of such net proceeds to the Purchaser and setting off such Other Monies against the shortfall, pay to the Purchaser any shortfall by subtracting such net proceeds and Other Monies from B in cash.

If the actual audited net profit before payment of the bonus payable to the management of Richfield Realty (if any) and after tax and any extraordinary or exceptional items of Richfield Realty (i) for the years ending 31 March 2009 is equal to or more than the New Guaranteed Profit; or (ii) for the two years ended 31 March 2010 is equal to or more than the New Guaranteed Profit; or (iii) for the three years ended 31 March 2011 is equal to or more than the New Guaranteed Profit, the Purchaser shall release all the securities charged under the Share Charge to the Vendor or its nominee(s) within seven Business Days.

It is noted that the New Guaranteed Profit is calculated based on the actual amount of the Initial Shortfall which shall be payable by the Vendor to the Group pursuant to the Guaranteed Profit (being the actual shortfall for the Previous Guarantee Period times the price earnings multiple of 3.98 times minus the Promissory Note) plus interest calculated at a rate of 6% for the New Guarantee Period (i.e. an interest rate of 2% per annum). With reference to the interest rate for time deposit of HK\$1,000,000 or above for 12 months of approximately 0.85% per annum as recently quoted by The Hongkong and Shanghai Banking Corporation Limited, we consider that the interest rate applied for calculating the New Guaranteed Profit is fair and reasonable. Furthermore, we consider the Share Charge Provision provides an additional security to the Group in respect of the payment obligation by the Purchaser in case the New Guaranteed Profit is not met.

Having considered (i) the Group will be released from the obligation to repay the principal amount of the Promissory Note and the interest accrued under the Promissory Note and the Convertible Bonds; (ii) the New Guaranteed Profit is calculated based on the actual amount of the Initial Shortfall which shall be payable by the Vendor to the Group pursuant to the Guaranteed Profit plus interest at a rate of 6% for the New Guarantee Period (i.e. an interest rate of 2% per annum); (iii) the interest rate of 2% per annum applied for calculating the New Guaranteed Profit is higher than the interest rate for time deposit of HK\$1,000,000 or above for 12 months

LETTER FROM NUADA

of approximately 0.85% per annum as recently quoted by The Hongkong and Shanghai Banking Corporation Limited; and (iv) the Share Charge, and taking into account the future prospect and financial performance of Richfield Realty as mentioned above, we are of the view that the terms of the Settlement Agreement is fair and reasonable and on normal commercial terms.

RECOMMENDATION

Taking into account the principal factors and reasons mentioned above, we are of the view that the terms of the Settlement Agreement are fair and reasonable and on normal commercial terms, and entering into the Settlement Agreement is in the interests of the Company and the Shareholders as a whole. We, therefore, advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Settlement Agreement.

Yours faithfully,
For and on behalf of
Nuada Limited
Po Chan
Executive Director

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and is not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

DISCLOSURE OF INTERESTS**(a) Directors' interests and short positions in the securities of the Company and its associated corporations**

As at the Latest Practicable Date, the interest or short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (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 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 standard of dealings by directors pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Director	Capacity	Number of Shares		Total	Approximate percentage of shareholding
		Personal interest	Corporate interest (Note)		
Mr. Pong Wai San, Wilson	Beneficial owner and interest of a controlled corporation	314,600,000	936,794,000	1,251,394,000	42.73%

Note: The 936,734,000 corporate interest Shares are held through Virtue Partner Group Limited, a company which is beneficially and wholly-owned by Mr. Pong Wai San, Wilson.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) 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 (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following person (not being Director or chief executives of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Shareholder	Capacity	Number of Shares held	Approximate percentage of shareholding
Virtue Partner Group Limited (<i>Note 1</i>)	Beneficial owner	936,794,000	32.0%
Ms. Tung Ching Yee, Helena (<i>Note 1</i>)	Family interest	1,251,394,000	42.73%
The Vendor (<i>Note 2</i>)	Beneficial owner	760,000,000	26.0%
Mr. Au (<i>Note 2</i>)	Interest of a controlled corporation	760,000,000	26.0%
Ms. Kong Pik Fan (<i>Note 2</i>)	Family interest	760,000,000	26.0%

Notes:

- Ms. Tung Ching Yee, Helena is the wife of Mr. Pong Wai San, Wilson and accordingly deemed to be interested in Shares beneficially owned by Mr. Pong Wai San, Wilson in his own capacity and through his controlled corporation, Virtue Partner Group Limited, under the SFO. For details of Mr. Pong's interest in the Shares, please refer to the note under paragraph (a) above.
- The Vendor is a company beneficially and wholly-owned by Mr. Au. Accordingly, Mr. Au is deemed to be interested in the Shares held by the Vendor under the SFO. Since Ms. Kong Pik Fan is the wife of Mr. Au, Ms. Kong Pik Fan will also be deemed to be interested in the Shares held by the Vendor by virtue of being the spouse of Mr. Au under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

(c) Other interests in the Company

- (i) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which were, since 31 March 2008 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to, any member of the Enlarged Group.
- (ii) None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Enlarged Group.
- (iii) None of the Directors, the management Shareholders (as defined in the GEM Listing Rules) and any of their respective associates had any interest in any business which causes or may cause any significant competition with the business of the Group or any significant conflicts with the interest of the Group.

SHARE OPTION SCHEME

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.

SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service agreement with any member of the Group which will not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates has any interest in businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the GEM Listing Rules.

OTHER INTERESTS OF THE DIRECTORS

None of the Directors had any interests, either directly or indirectly, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2008 (being the date to which the latest published audited consolidated accounts of the Group were made up).

None of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2008 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

EXPERT AND CONSENT

Nuada, a corporation licensed under the SFO to carry on type 6 (advising on corporate finance) regulated activity and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Settlement Agreement and the transactions contemplated thereunder.

Nuada has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its reports and/or references to its names in the form and context in which they appear.

As at the Latest Practicable Date, Nuada did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Nuada did not have any direct or indirect interest in any assets which were, since 31 March 2008 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to, any member of the Group.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Michael Li & Co., 14th Floor, Printing House, 6 Duddell Street, Central, Hong Kong during normal business hours on any weekday, except public holidays, up to and including Monday, 4 August 2008:

- (a) the memorandum and articles of association of the Company;
- (b) the annual report of the Company for the two years ended 31 March 2008;
- (c) the Acquisition Agreement;
- (d) the Settlement Agreement;
- (e) the letter of advice from Nuada, the text of which is set out on pages 14 to 21 of this circular; and
- (f) the written consent referred to in the section headed "Expert and consent" in this appendix.

GENERAL

- (a) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (b) The compliance officer is Mr. Pong Wai San, Wilson, who holds a bachelor's degree in applied science from the University of British Columbia.
- (c) The company secretary and qualified accountant of the Company is Mr. Lee Wing Yin who is an associate member of The Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants.
- (d) The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual reports and accounts, half-yearly reports and quarterly reports and to provide advice and comments thereon to the Directors. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The audit committee comprises the three independent non-executive Directors, namely Mr. Koo Fook Sun, Louis (the chairman of the audit committee), Mr. Lai Hing Wing, Henry and Mr. Lung Hung Cheuk.
- (e) The English text of this circular and the accompanying proxy form shall prevail over its Chinese text.

NOTICE OF THE EGM



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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8136)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Richfield Group Holdings Limited (the “**Company**”) will be held at Michael Li & Co., 14th Floor, Printing House, 6 Duddell Street, Central, Hong Kong on Monday, 4 August 2008 at 5:00 p.m. to consider and, if thought fit, pass the following resolution:

“THAT

- (a) the settlement and amendment agreement (the “**Settlement Agreement**”) dated 12 June 2008 and entered into among Richfield (Holdings) Limited (the “**Vendor**”), Vastwood Ltd. (the “**Purchaser**”) and Mr. Au Wing Wah (“**Mr. Au**”) in respect of the amendments of the terms of the agreement (the “**Acquisition Agreement**”) dated 10 April 2007 and entered into among the Vendor, the Purchaser and Mr. Au in respect of the acquisition of the entire issued share capital of Richfield Realty Limited by the Purchaser from the Vendor (copies of the Settlement Agreement and the Acquisition Agreement have been produced to the Meeting marked “A” and “B” and signed by the chairman of the Meeting for the purpose of identification) and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (b) any one or more of the directors (the “**Directors**”) of the Company be and is/ are hereby authorised to do all other acts and things and execute all documents which he/they consider necessary or expedient for the implementation of and giving effect to the Settlement Agreement and the transactions contemplated thereunder.

By order of the Board
Richfield Group Holdings Limited
Pong Wai San, Wilson
Executive Director

Hong Kong, 4 July 2008

* *For identification purposes only*

NOTICE OF THE EGM

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*
Unit 1209, 12th Floor
Silvercord Tower 2
30 Canton Road
Tsim Sha Tsui
Hong Kong

Notes:

1. A member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the Meeting is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of authority, at the offices of the Company's Hong Kong share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above Meeting or any adjournment thereof, should he so wish.
3. In the case of joint holders of shares, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.