



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

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



2008/09

Third Quarterly Report

* For identification purposes only

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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

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

THIRD QUARTERLY RESULTS

The board of directors (the "Board") of Richfield Group Holdings Limited (the "Company") herein presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and nine months ended 31 December 2008 together with the comparative unaudited figures for the corresponding periods in 2007 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and nine months ended 31 December 2008

	Notes	Nine months ended 31 December		Three months ended 31 December	
		2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
REVENUE	3	60,645	97,611	20,292	30,887
Cost of sales		(31,092)	(66,655)	(9,832)	(26,409)
Gross profit		29,553	30,956	10,460	4,478
Other income	3	3,357	5,100	1,177	3,275
Selling and distribution expenses		(1,882)	(8,802)	(596)	(611)
Administrative expenses		(11,692)	(7,435)	(4,212)	(1,427)
OPERATING PROFIT		19,336	19,819	6,829	5,715
Finance costs		-	(6,967)	-	(1,911)
PROFIT BEFORE INCOME TAX	4	19,336	12,852	6,829	3,804
Income tax expense	5	(4,386)	(2,170)	(1,602)	(146)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		14,950	10,682	5,227	3,658
DIVIDENDS	6	-	-	-	-
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS TO COMPANY	7				
Basic		HK0.51 cent	HK0.43 cent	HK0.18 cent	HK0.12 cent
Diluted		N/A	N/A	N/A	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2008

	Share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Convertible bond equity reserve (Unaudited) HK\$'000	Fair value reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 April 2007	18,000	39,632	-	-	(22,908)	34,724
Issue of convertible bonds	-	-	149,101	-	-	149,101
Full conversion of convertible bonds	7,600	450,986	(149,101)	-	-	309,485
Issue of new shares	3,685	265,320	-	-	-	269,005
Issuing costs	-	(7,119)	-	-	-	(7,119)
Net profit for the period	-	-	-	-	10,682	10,682
At 31 December 2007	29,285	748,819	-	-	(12,226)	765,878

	Share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Convertible bond equity reserve (Unaudited) HK\$'000	Fair value reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 April 2008	29,285	747,769	-	-	4,749	781,803
Net fair value loss on available-for-sale financial assets	-	-	-	(9,050)	-	(9,050)
Net profit for the period	-	-	-	-	14,950	14,950
Final dividend paid	-	(20,997)	-	-	-	(20,997)
At 31 December 2008	29,285	726,772	-	(9,050)	19,699	766,706

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated results of the Group for the nine months ended 31 December 2008 (the “Condensed Financial Report”) have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The Condensed Financial Report should be read in conjunction with the annual financial statements of the Company for the year ended 31 March 2008 (the “2008 Annual Financial Statements”).

The preparation of the Condensed Financial Report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Condensed Financial Report have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which are stated at fair value.

The Condensed Financial Report are presented in Hong Kong Dollars (“HK\$”) which is also the functional currency of the Company and all values are rounded to the nearest thousand (“HK\$’000”) unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the Condensed Financial Report are consistent with those adopted in the 2008 Annual Financial Statements.

3. REVENUE AND OTHER INCOME

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

	Nine months ended 31 December		Three months ended 31 December	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Revenue				
Commission income	46,887	30,874	16,843	10,393
Sales of properties	–	9,169	–	9,169
Sales of goods	13,758	57,568	3,449	11,325
	60,645	97,611	20,292	30,887
Other income				
Interest income	2,683	4,526	884	3,023
Fair value gain on financial assets at fair value through profit or loss, net	–	–	21	–
Dividend income	331	–	134	–
Sundry income	343	574	138	252
	3,357	5,100	1,177	3,275
	64,002	102,711	21,469	34,162

Certain comparative figure have been reclassified to conform with the current period's presentation of the result report.

4. PROFIT BEFORE INCOME TAX

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

	Nine months ended 31 December		Three months ended 31 December	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Fair value loss on financial assets at fair value through profit or loss, net	2,620	-	-	-
Effective interest expense on convertible bonds	-	2,586	-	-
Effective interest expense on promissory notes	-	4,379	-	1,911
Interest on overdrafts and bank loans	-	2	-	-
Depreciation	394	314	153	54

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (three and nine months ended 31 December 2007: 17.5%) on the estimated assessable profit arising in Hong Kong for the current period. Taxes on profits assessable in other jurisdictions have been calculated at the rates of tax prevailing in the places in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Deferred tax had not been provided for the Group because the Group had no significant temporary differences at the balance sheet date (31 December 2007: Nil).

6. DIVIDENDS

The Board does not recommend the payment of a dividend for the nine months ended 31 December 2008 (nine months ended 31 December 2007: Nil).

7. EARNINGS PER SHARE

The calculations of basic earnings per share for the three and nine months ended 31 December 2008 are based on the unaudited consolidated net profit attributable to equity holders of the Company for the three and nine months ended 31 December 2008 of approximately HK\$5,227,000 and HK\$14,950,000 respectively (three and nine months ended 31 December 2007: HK\$3,658,000 and HK\$10,682,000 respectively) and on the weighted average number of 2,928,500,000 shares during the three and nine months ended 31 December 2008 (three and nine months ended 31 December 2007: 2,928,500,000 shares and 2,493,014,545 shares respectively).

Diluted earnings per share for the three and nine months ended 31 December 2008 and the corresponding periods in 2007 have not been disclosed as no dilutive events existed during those periods.

8. GOODWILL/LONG TERM FINANCIAL INSTRUMENTS

Goodwill relates to the acquisition of Richfield Realty Limited (“Richfield Realty”). Pursuant to the settlement agreement dated 12 June 2008 (the “Settlement Agreement”) as supplemented by another supplemental agreement (the “Supplemental Agreement”) entered into between the shareholder and the Company dated 17 July 2008 (collectively referred to as the “Settlement Agreements”) and pursuant to the resolution for the approval of the Settlement Agreements in the extraordinary general meeting (the “EGM”) held on 25 August 2008, the repayment for the amount due from one of the shareholders is now compensated by a new guaranteed profit of Richfield Realty. Details of which have been set out in the Company’s interim report dated 10 November 2008.

As the Settlement Agreements together with the sales and purchase agreement dated 10 April 2007 (the “Acquisition Agreement”) for the acquisition of Richfield Realty (the “Acquisition”) are constituted as one transaction as a whole and therefore are read together for the Acquisition. The long term financial instruments of HK\$326,367,000 as at the previous balance sheet date are now reclassified as goodwill arising from the Acquisition. As a result, goodwill arising from the Acquisition amounted to HK\$474,000,000 as at 31 December 2008. There is no impact to the consolidated net assets, the consolidated total assets and the consolidated net current assets of the Group nor is there any impact on the consolidated income statement of the Group arising from the above reclassification.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The Group is also currently engaged in property assembly schemes for approximately 110 redevelopment projects in Hong Kong. Those engaged projects are all residential and commercial properties which are located in Hong Kong Island and Kowloon.

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

FINANCIAL REVIEW RESULTS

During the nine months ended 31 December 2008, the Group recorded a turnover of approximately HK\$60,645,000, representing a decrease of approximately 37.9% compared with the corresponding period last year of approximately HK\$97,611,000. The decrease in turnover was mainly attributed to the decrease in turnover of the business of trading of recycled computers and trading of bags and accessories. In respect of the business of property assembly and brokerage, it contributes approximately HK\$46,887,000 to the turnover of the Group for the period and this represents an increase of approximately 17.1% compared with the corresponding period last year of approximately HK\$40,043,000.

Profit before income tax of the Group for the nine months ended 31 December 2008 was approximately HK\$19,336,000, representing an increase of approximately 50.5% when compared with the corresponding period last year of approximately HK\$12,852,000. As a result of the improvement in business of property assembly and brokerage for the period, profit attributable to equity holders for the period was increased to approximately HK\$14,950,000 compared with that of approximately HK\$10,682,000 for the corresponding period last year.

BUSINESS REVIEW

During the nine months ended 31 December 2008, despite of the deterioration of the local economy and property market, the Group continued to expand its core business, the provision of property assembly, brokerage and trading. Turnover from the property assembly and brokerage business for the nine months ended 31 December 2008 was approximately HK\$46,887,000, representing an increase of approximately 17.1% (nine months ended 31 December 2007: approximately HK\$40,043,000). Operating profit for the property assembly and brokerage business was approximately HK\$24,959,000 which was increased by approximately 56.4% compared with that of approximately HK\$15,961,000 for the corresponding period last year.

During the period under review, the Group has completed 7 major assembly projects, which are mainly located in the densely populated areas in Hong Kong Island and Kowloon, such as Causeway Bay, Western District, Sham Shui Po, etc., with the total contract sum and the total gross profit of approximately HK\$501,330,000 and approximately HK\$32,200,000 respectively.

As at 31 December 2008, the Group had approximately 110 property assembly projects in progress with a total site area of approximately 1,000,000 square feet. Among those projects in progress, approximately 44 projects are located in Hong Kong Island, mainly in the Mid-Levels, Sheung Wan, Causeway Bay, Western District, Shau Kei Wan and Quarry Bay. Approximately 66 projects are located in Kowloon, mainly in Sham Shui Po, Mong Kok, Kwun Tong, Tai Kok Tsui, Ho Man Tin and To Kwa Wan.

The business of trading of recycled computers contributed approximately HK\$10,802,000 to the Group's turnover for the nine months ended 31 December 2008, representing approximately 17.8% of the Group's turnover for the reporting period and a substantial decrease compared with the corresponding period last year (nine months ended 31 December 2007: approximately HK\$29,437,000). An operating loss of approximately HK\$3,301,000 was recorded for the reporting period. The operating loss and the decrease in turnover in this sector for the nine months ended 31 December 2008 were mainly caused by the fierce competitions in Hong Kong and China markets and the rising operating costs. In addition, the demand of recycled computers continued to shrink as the price difference between new and recycled computers was reducing.

The trading business of bags and accessories recorded a turnover and operating loss of approximately HK\$2,956,000 and approximately HK\$79,000 respectively for the nine months ended 31 December 2008, where the turnover shows a substantial decrease compared with the corresponding period last year. The decrease in turnover and the sustained operating loss in this sector were mainly due to the adverse market condition as a result of market slowdown and keen competitions in the global market and drastic increase in operating costs.

CAPITAL STRUCTURE

There is no material change in capital structure of the Company during the nine months ended 31 December 2008.

PROSPECTS

The poor market sentiment as a result of financial crisis has inevitably affected the Group's core business of property brokerage and assembly in the short run. The tightening of credit market causes developers to act with more prudence since they are more difficult in getting finance for their development project. The progress of most property development projects has also been delayed. The performance of the Group has been affected to a certain extent in the near-term. However, the Group remains optimistic in property brokerage and assembly business in the long run because of the limited supply of land in urban districts and the favourable political environment in Hong Kong. The Group would take this opportunity to search for new potential property assembly projects for the future.

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

CONNECTED TRANSACTION

Pursuant to the Acquisition Agreement, both Richfield (Holdings) Limited, as the vendor of the Acquisition, and Mr. Au Wing Wah, as the guarantor of the Acquisition were guaranteed that the audited net profit before payment of the bonus payable to the management of Richfield Realty and after tax and any extraordinary or exceptional items of Richfield Realty for the year ended 28 May 2008 (the "Guaranteed Period") should not be less than HK\$150,000,000 (the "Guaranteed Profit").

However, according to the audited financial statements of Richfield Realty, the Guaranteed Profit was not met as a result of the unforeseeable economic environment. Having considered the prospects of the business of the property assembly and brokerage and the potential of Richfield Realty, 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 of approximately HK\$345,949,000.

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

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

Save as disclosed above, there were no significant connected party transactions entered into by the Group for the nine months ended 31 December 2008.

SHARE OPTIONS

During the nine months ended 31 December 2008, no share option was granted, exercised or lapsed under the share option scheme adopted on 21 May 2002.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2008, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by directors as referred to in Rules 5.46 of the GEM Listing Rules, were as follows:

Director	Number of Shares		Total	Approximate percentage of shareholding
	Personal interest	Corporate interest		
Mr. Pong Wai San, Wilson ("Mr. Pong")	352,176,000	936,794,000 (Note)	1,288,970,000	44.01%

Note: These shares are beneficially owned by Virtue Partner Group Limited, a company wholly owned by Mr. Pong.

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

Save as disclosed above, as at 31 December 2008, none of the directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2008, other than the interests of certain directors and chief executive of the Company as disclosed under the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the company or any associated corporation" above, the interest or short positions of person in the shares and underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity in which shares are held	Number of issued shares	Percentage of the issued share capital
Ms. Tung Ching Yee, Helena (Note 1)	Family interest	1,288,970,000	44.01%
Virtue Partner Group Limited (Note 2)	Beneficial owner	936,794,000	31.99%
Richfield (Holdings) Limited (Note 3)	Beneficial owner	760,000,000	25.95%
Mr. Au Wing Wah ("Mr. Au") (Note 3)	Interest in controlled corporation	760,000,000	25.95%
Ms. Kong Pik Fan (Note 4)	Family interest	760,000,000	25.95%
Vastwood Limited (Note 3)	Beneficial owner	760,000,000	25.95%
Richfield Group Holdings Limited (Note 3)	Interest in controlled corporation	760,000,000	25.95%

Notes:

- Ms. Tung Ching Yee, Helena is the wife of Mr. Pong and accordingly deemed to be interested in the shares beneficially owned by Mr. Pong in his own capacity and through his controlled corporation, Virtue Partner Group Limited, under SFO.
- These shares are beneficially owned by Virtue Partner Group Limited, a company wholly owned by Mr. Pong.
- These shares are beneficially owned by Richfield (Holdings) Limited, a company wholly owned by Mr. Au, and therefore Mr. Au deemed to be interested in the shares owned by Richfield (Holdings) Limited, under SFO. On 12 June 2008, Richfield (Holdings) Limited as a chargor has executed a share charge in favour of Vastwood Limited, a wholly-owned subsidiary of Richfield Group Holdings Limited, as a chargee in respect of the fixed charge over these 760,000,000 shares. Therefore, Richfield Group Holdings Limited deemed to be interested in the shares owned by Vastwood Limited under SFO.
- Ms. Kong Pik Fan is the wife of Mr. Au and accordingly deemed to be interested in the shares beneficially owned by Mr. Au in his own capacity and through his controlled corporation, Richfield (Holdings) Limited, under SFO.

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

Save as disclosed above, as at 31 December 2008, the directors of the Company were not aware of any other person (other than the directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTOR'S RIGHTS TO ACQUIRE SHARE OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the company or any associated corporation" above, at no time during the reporting period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

CHANGE OF FINANCIAL YEAR END DATE

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

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

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed shares during the nine months ended 31 December 2008.

DIRECTOR'S INTERESTS IN COMPETING INTERESTS

As at the date of this report, none of the directors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions throughout the nine months ended 31 December 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 nine months ended 31 December 2008, except for the deviation that the post of Chairman has been vacant since the resignation of Mr. Pong on 5 February 2008. If candidate with suitable skill and experience is identified within or outside the Group, the Company will make necessary arrangement for the new appointment at appropriate time.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

AUDIT COMMITTEE

The Company set up an audit committee (the "Committee") on 2 May 2002, with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive directors of the Company, namely Mr. Koo Fook Sun, Louis, Mr. Lai Hin Wing, Henry and Mr. Lung Hung Cheuk. The unaudited consolidated results of the Group for the nine months ended 31 December 2008 have been reviewed by the Committee, which is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 6 February 2009

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