

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



ARTFIELD GROUP LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1229)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009

The board of directors (the “Board”) of Artfield Group Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2009 together with the comparative figures for the corresponding period in 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	<i>Notes</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Continuing operations			
Turnover	4	23,105	129,940
Cost of sales and services provided		(17,134)	(118,053)
Gross profit		5,971	11,887
Other operating income		5,874	14,030
Net gain on deregistration of subsidiaries		2,618	215
Selling and distribution expenses		(3,508)	(7,811)
Administrative expenses		(21,408)	(41,600)
Finance costs	6	(16,640)	(959)
Loss before tax		(27,093)	(24,238)
Income tax credit (expense)	7	77	(515)
Loss for the year from continuing operations		(27,016)	(24,753)

	<i>Notes</i>	2009 HK\$'000	2008 <i>HK\$'000</i>
Discontinued operations			
(Loss) profit for the year from discontinued operations			
– Trading operation	<i>8(a)</i>	(1,748)	3,288
– Lighting products operation	<i>8(b)</i>	<u>–</u>	<u>(780)</u>
Loss for the year attributable to equity holders of the Company	<i>9</i>	<u>(28,764)</u>	<u>(22,245)</u>
Dividend	<i>10</i>	<u>–</u>	<u>–</u>
(LOSS) EARNINGS PER SHARE			
– BASIC (in Hong Kong cents)	<i>11</i>		
From continuing operations		(3.53)	(7.61)
From discontinued operations		<u>(0.23)</u>	<u>0.77</u>
From continuing and discontinued operations		<u>(3.76)</u>	<u>(6.84)</u>

CONSOLIDATED BALANCE SHEET

As at 31 March 2009

	<i>Notes</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Non-current assets			
Investment properties		–	–
Property, plant and equipment		157	600
Intangible assets		–	–
Goodwill		–	–
		<u>157</u>	<u>600</u>
Current assets			
Inventories		1,644	3,491
Deposits for acquisition of subsidiaries		2,000	–
Trade and other receivables	<i>12</i>	3,179	16,099
Tax recoverable		–	127
Bank balances and cash		378,997	383,413
		<u>385,820</u>	<u>403,130</u>
Current liabilities			
Trade and other payables	<i>13</i>	7,414	21,042
Amounts due to related companies		3,224	260
Tax payable		–	43
Obligations under finance leases			
– due within one year		–	3
Bank borrowings		–	2,984
		<u>10,638</u>	<u>24,332</u>
Net current assets		<u>375,182</u>	<u>378,798</u>
		<u>375,339</u>	<u>379,398</u>
Capital and reserves			
Share capital		76,537	76,537
Reserves		136,931	157,624
Equity attributable to equity holders of the Company		213,468	234,161
Non-current liability			
Convertible loan notes		161,871	145,237
		<u>375,339</u>	<u>379,398</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2009

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

2. EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT ON THE GROUP’S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

Basis of Qualified Opinion

Our report on the consolidated financial statements of the Group for the year ended 31 March 2008 was qualified in view of the limitations of the scope of our audit resulting from insufficiency of supporting documentation and explanations with respect to the carrying amounts of an under development on-line game intellectual property rights (“Intangible Asset”) held by Matrix Software Inc. (“Matrix”), a then subsidiary of the Group, and the goodwill (“Goodwill”) arising from the acquisition of Matrix; the full impairment loss recognised in respect of the Goodwill and Intangible Asset; and incomplete books and records of Matrix.

Any adjustments found to be necessary to the opening balances of the above items as at 1 April 2008 would have consequential effects on the loss of the Group for the year ended 31 March 2009.

As further explained in notes to the consolidated financial statements, on 3 February 2009 (the “Disposal Date”), the Group disposed of its entire interest in Matrix, to an independent third party. Due to lack of complete books and records of Matrix, we were unable to obtain sufficient evidence regarding the value of the net liabilities of Matrix disposed of by the Group at the Disposal Date and hence the gain on disposal arising therefrom. Any adjustments found to be necessary to the amount would affect the amount recorded in the consolidated income statements in respect of Matrix up to the Disposal Date, with a corresponding effect on the gain on disposal and the related disclosures thereof in the consolidated financial statements.

Qualified opinion arising from limitation of audit scope

In our opinion, except for any adjustments that might have been found necessary had we been able to satisfy ourselves regarding the matter as set out in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2009 and of the Group’s loss and cash flow for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following amendments and interpretations (“INTs”) (herein collectively referred to as “new HKFRSs”) issued by the HKICPA which are or have become effective.

Hong Kong Accounting Standard (“HKAS”) 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)– INT 12	Service Concession Arrangements
HK(IFRIC)– INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not effective.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 1 (Revised)	Presentation of Financial Statements ³
HKAS 23 (Revised)	Borrowing Costs ³
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ⁴
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ³
HKAS 39 (Amendment)	Eligible hedged items ⁴
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards ⁴
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ³
HKFRS 2 (Amendment)	Vesting Conditions and Cancellation ³
HKFRS 3 (Revised)	Business Combinations ⁴
HKFRS 7 (Amendment)	Financial Instrument Disclosures – Improving Disclosures about Financial Instruments ³
HKFRS 8	Operating Segments ³
HK(IFRIC)– INT 9 & HKAS 39 (Amendments)	Embedded Derivatives ⁷
HK(IFRIC)– INT 13	Customer Loyalty Programmes ⁵
HK(IFRIC)– INT 15	Agreements for the Construction of Real Estate ³
HK(IFRIC)– INT 16	Hedges of a Net Investment in a Foreign Operation ⁶
HK(IFRIC)– INT 17	Distribution of Non-cash Assets to Owners ⁴
HK(IFRIC)– INT 18	Transfers of Assets from Customers ⁸

¹ Effective for annual periods on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

² Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.

³ Effective for annual periods beginning on or after 1 January 2009.

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

⁵ Effective for annual periods beginning on or after 1 July 2008.

⁶ Effective for annual periods beginning on or after 1 October 2008.

⁷ Effective for annual periods ending on or after 30 June 2009.

⁸ Effective for transfers of assets from customers received on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. TURNOVER

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers, less returns and discounts allowed and provision of management services. An analysis of the Group's turnover for the year, for both continuing and discontinued operations is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Continuing operations		
Sales of goods	19,105	129,940
Management fee income	4,000	–
	<u>23,105</u>	<u>129,940</u>
Discontinued operations		
Trading of metal (<i>Note 8a</i>)	–	7,160
Sales of lighting products (<i>Note 8b</i>)	–	64
	<u>–</u>	<u>7,224</u>
	<u>23,105</u>	<u>137,164</u>

5. SEGMENT INFORMATION

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

- (a) the clocks and other office related products segment engages in the marketing of clocks and other office related accessories; and
- (b) the provision of management services.

The Group was also involved in the trading of metals in the year ended 31 March 2008. Those operations were discontinued during the year ended 31 March 2009.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

(a) **Business segments**

The following tables present turnover, results and certain asset, liability and expenditure information for the Group's business segments.

For the year ended 31 March 2009

	Continuing operations			Discontinued operations	
	Clocks and other office related products <i>HK\$'000</i>	Provision of management services <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT TURNOVER :					
Sales to external customers	<u>19,105</u>	<u>4,000</u>	<u>23,105</u>	<u>-</u>	<u>23,105</u>
SEGMENT RESULTS	<u>(17,045)</u>	<u>3,633</u>	(13,412)	-	(13,412)
Interest income			1,230	-	1,230
Net unallocated income (expenses)			(892)	(1,748)	(2,640)
Finance costs			(16,640)	-	(16,640)
Gain on disposal of subsidiaries			3	-	3
Net gain on deregistration of subsidiaries			<u>2,618</u>	<u>-</u>	<u>2,618</u>
Loss before tax			(27,093)	(1,748)	(28,841)
Income tax credit			<u>77</u>	<u>-</u>	<u>77</u>
Loss for the year			<u>(27,016)</u>	<u>(1,748)</u>	<u>(28,764)</u>

For the year ended 31 March 2008

	Continuing operations	Discontinued operations			Total HK\$'000
	Clocks and other office related products HK\$'000	Trading HK\$'000	Lighting products HK\$'000	Sub-total HK\$'000	
SEGMENT TURNOVER :					
Sales to external customers	<u>129,940</u>	<u>7,160</u>	<u>64</u>	<u>7,224</u>	<u>137,164</u>
SEGMENT RESULTS	(11,485)	<u>3,303</u>	<u>(1,440)</u>	1,863	(9,622)
Interest income	963			–	963
Net unallocated expenses	(12,972)			–	(12,972)
Finance costs	(959)			(15)	(974)
Gain on disposal of a subsidiary	–	–	669	669	669
Gain on deregistration of a subsidiary	<u>215</u>			<u>–</u>	<u>215</u>
(Loss) profit before tax	(24,238)			2,517	(21,721)
Income tax expense	<u>(515)</u>	–	(9)	<u>(9)</u>	<u>(524)</u>
(Loss) profit for the year	<u>(24,753)</u>			<u>2,508</u>	<u>(22,245)</u>

For the year ended 31 March 2009

	Continuing operations			Discontinued operations	
	Clocks and other office related products HK\$'000	Provision of management services HK\$'000	Sub-total HK\$'000	Trading HK\$'000	Total HK\$'000
ASSETS					
Segment assets	5,057	-	5,057	-	5,057
Unallocated assets			380,920		380,920
Total assets			<u>385,977</u>		<u>385,977</u>
LIABILITIES					
Segment liabilities	10,205	-	10,205	-	10,205
Unallocated liabilities			162,304		162,304
Total liabilities			<u>172,509</u>		<u>172,509</u>
OTHER SEGMENT INFORMATION:					
Unallocated capital expenditure		-	66	-	66
Depreciation and amortisation	441	-	441	-	441
Unallocated depreciation and amortisation		-	12	-	12
			<u>453</u>		<u>453</u>
Bad debts directly written off	3,728	-	3,728	-	3,728
Write down of inventories	264	-	264	-	264
Loss on disposal of property, plant and equipment	3	-	3	-	3
Waiver of long outstanding trade payables	(4,162)	-	(4,162)	-	(4,162)

For the year ended 31 March 2008

	Continuing operations	Discontinued operations			Total HK\$'000
	Clocks and other office related products HK\$'000	Trading HK\$'000	Lighting products HK\$'000	Sub-total HK\$'000	
ASSETS					
Segment assets	16,950	3,200	5	3,205	20,155
Unallocated assets	383,542			33	383,575
Total assets	400,492			3,238	403,730
LIABILITIES					
Segment liabilities	17,275	7	101	108	17,383
Unallocated liabilities	152,186			–	152,186
Total liabilities	169,461			108	169,569
OTHER SEGMENT INFORMATION:					
Capital expenditure	201	–	–	–	201
Unallocated capital expenditure	66			–	66
	267			–	267
Depreciation and amortisation	1,040	–	86	86	1,126
Unallocated depreciation and amortisation	53			–	53
	1,093			86	1,179
Allowance for doubtful debts	449	–	–	–	449
Bad debts directly written off	491	–	102	102	593
Write down of inventories	5,421	–	–	–	5,421
Gain on disposal of property, plant and equipment	(452)	–	–	–	(452)
Impairment loss on property, plant and equipment	–	–	619	619	619
Write back of allowance for doubtful debts of trade receivables	(49)	(3,200)	–	(3,200)	(3,249)

(b) **Geographical segments**

The following table presents turnover and certain assets and expenditure information for the Group's geographical segments.

	North America		Europe		People's Republic of China ("PRC")						Total	
	2009	2008	2009	2008	Hong Kong		(other than Hong Kong)		Others		2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	2009	2008	2009	2008	2009	2008	2009	2008
Segment turnover:												
Sales to external customers	-	76,598	7,125	35,575	9,808	3,579	6,172	14,064	-	7,348	23,105	137,164
Other segment information:												
Segment assets	-	-	1,467	4,020	1,787	13,995	1,803	2,140	-	-	5,057	20,155
Capital expenditure	-	-	-	9	-	188	66	4	-	66	66	267

Revenue from the Group's discontinued operations was derived mainly from the PRC and Europe.

6. **FINANCE COSTS**

	Continuing operations		Discontinued operations		Total	
	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest expenses on:						
- bank borrowings wholly repayable within five years	6	165	-	15	6	180
- bank overdrafts	-	39	-	-	-	39
- obligations under finance leases	-	23	-	-	-	23
- effective interest expenses on convertible loan notes	16,634	732	-	-	16,634	732
	16,640	959	-	15	16,640	974

7. INCOME TAX (CREDIT) EXPENSE

	Continuing operations		Discontinued operations		Total	
	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The (credit) charge comprises:						
Hong Kong Profits Tax						
– current year	–	–	–	9	–	9
– over provision in prior years	(99)	–	–	–	(99)	–
Tax in other jurisdictions						
– current year	–	42	–	–	–	42
– under provision in prior years	22	–	–	–	22	–
	(77)	42	–	9	(77)	51
Deferred tax	–	473	–	–	–	473
	(77)	515	–	9	(77)	524

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profit tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Hong Kong Profits Tax has not been provided for in the consolidated financial statements as there was no estimated assessable profit derived from Hong Kong for the year ended 31 March 2009.

Hong Kong Profits Tax was calculated at 17.5% of the estimated assessable profit for the year ended 31 March 2008.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Pursuant to the laws and regulations in the PRC, one of the Group's subsidiaries operating in the PRC is entitled to exemption from PRC income tax in the first two years from the first profit-making year, followed by a 50% reduction of PRC income tax for the following three years.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law"). On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Under the New Law and Implementation Regulations, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC reduced from 33% to 25% from 1 January 2008 onwards. The relevant tax rate for the Group's subsidiary in the PRC is 25% for the year ended 31 March 2009 (2008: 25% to 27%).

8. DISCONTINUED OPERATIONS

(a) Discontinued operation of trading of metal

During the year ended 31 March 2009, the Group ceased the operation of trading of metals. This was regarded as a discontinued operation and accordingly, the consolidated results and cash flows of the operation for the year ended 31 March 2009 were as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Turnover	–	7,160
Cost of sales	–	(6,996)
	<hr/>	<hr/>
Gross profit	–	164
Other operating income	–	3,200
Administrative expenses	(1,748)	(61)
Finance costs	–	(15)
	<hr/>	<hr/>
(Loss) profit for the year and attributable to equity holders of the Company	<u>(1,748)</u>	<u>3,288</u>

During the year ended 31 March 2009, the segment of trading of metal contributed approximately HK\$3,194,000 (2008: HK\$2,991,000) to the Group's net operating cash flows, and paid approximately HK\$3,200,000 (2008 : HK\$3,018,000) in respect of financing activities.

(b) Discontinued operation of lighting products

During the year ended 31 March 2008, resulting from disposal and voluntary winding up of two of the major subsidiaries under the lighting products segment, the Group ceased the operation of marketing of energy saving lighting products. This was regarded as a discontinued operation and accordingly, the consolidated results and cash flows of the operation for the year ended 31 March 2008 were as follows:

	2008 <i>HK\$'000</i>
Turnover	64
Cost of sales	(101)
	<hr/>
Gross loss	(37)
Other operating income	5
Gain on disposal of subsidiaries	669
Selling and distribution expenses	(37)
Administrative expenses	(1,371)
	<hr/>
Loss before tax	(771)
Income tax expense	(9)
	<hr/>
Loss for the year and attributable to equity holders of the Company	<u>(780)</u>

During the year ended 31 March 2008, the segment of lighting products contributed approximately HK\$1,427,000 to the Group's net operating cash flows, contributed approximately HK\$1,194,000 in respect of investing activities and paid approximately HK\$2,570,000 in respect of financing activities.

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	Continuing operations		Discontinued operations		Total	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Cost of inventories sold	17,134	118,053	–	7,097	17,134	125,150
Staff costs (excluding directors' remuneration) :						
Basic salaries and allowances	7,364	13,492	–	–	7,364	13,492
Retirement benefits scheme contributions	234	486	–	–	234	486
	7,598	13,978	–	–	7,598	13,978
Depreciation of property, plant and equipment	453	1,010	–	86	453	1,096
Depreciation of investment properties	–	83	–	–	–	83
Allowance for doubtful debts of trade receivables	–	421	–	–	–	421
Allowance for doubtful debts of other receivables	–	28	–	–	–	28
Auditors' remuneration	550	541	–	16	550	557
Bad debts directly written off	3,728	491	–	102	3,728	593
Impairment loss on property, plant and equipment	–	–	–	619	–	619
Operating leases charges on rented premises	879	2,343	–	–	879	2,343
Share-based payment expenses (excluding directors)	–	726	–	–	–	726
Net exchange loss (gain)	4,985	(7,264)	2	2	4,987	(7,262)
Write down of inventories (included in cost of sales)	264	5,421	–	–	264	5,421
Gain on disposal of subsidiaries	(3)	–	–	(669)	(3)	(669)
Loss (gain) on disposal of property, plant and equipment	3	(452)	–	–	3	(452)
Gain on disposal of investment properties	–	(544)	–	–	–	(544)
Waiver of long outstanding trade payables	(4,162)	–	–	–	(4,162)	–
Gross rental income from investment properties	–	(197)	–	(5)	–	(202)
Less: direct operating expenses that generated rental income	–	53	–	–	–	53
Net rental income from investment properties	–	(144)	–	(5)	–	(149)
Interest income	(1,230)	(963)	–	–	(1,230)	(963)
Write back of allowance for doubtful debts of trade receivables	–	(49)	–	(3,200)	–	(3,249)

10. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2009, nor has any dividend been proposed since the balance sheet date (2008: Nil).

11. (LOSS) EARNINGS PER SHARE – BASIC

From continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to the equity holders of the Company for the year is based on the following data:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Loss		
Loss for the year attributable to the equity holders of the Company	<u>28,764</u>	<u>22,245</u>
	2009	2008
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<u>765,373,584</u>	<u>325,315,373</u>

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to equity holders of the Company for the year is based on the following data:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Loss for the year attributable to equity holders of the Company	(28,764)	(22,245)
<i>Less: (Loss) profit for the year from discontinued operations attributable to equity holders of the Company (note 8)</i>	<u>(1,748)</u>	<u>2,508</u>
Loss for the year for the purpose of basic loss per share from continuing operations	<u>(27,016)</u>	<u>(24,753)</u>

The denominators used are the same as those detailed above for basic (loss) earnings per share.

From discontinued operation

Basic (loss) earnings per share for discontinued operations was HK0.23 cents per share (2008: earnings HK0.77 cents), based on the (loss) profit for the year from the discontinued operations attributable to the equity holders of the Company of approximately HK\$1,748,000 (2008: profit of HK\$2,508,000) and the denominators detailed above for basic (loss) earnings per share.

No diluted (loss) earnings is presented for the year ended 31 March 2009 as the conversion of the convertible loan notes during the year had an anti-dilutive effect on the basic (loss) earnings per share.

No diluted (loss) earnings per share was presented for the year ended 31 March 2008 as the exercise of the outstanding share options and the conversion of the convertible loan notes during the year had an anti-dilutive effect on the basic (loss) earnings per share.

12. TRADE AND OTHER RECEIVABLES

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Trade and bills receivables	1,354	14,563
<i>Less</i> : Allowance for doubtful debts of trade receivables	<u>(600)</u>	<u>(629)</u>
	754	13,934
Prepayments, deposits and other receivables	2,425	2,193
<i>Less</i> : Allowance for doubtful debts of other receivables	<u>–</u>	<u>(28)</u>
	<u>3,179</u>	<u>16,099</u>

The Group's sales are on open account terms. Trading terms with customers are largely on credit, except for new customers where payment in advance is normally required. Invoices are normally payable within 30 days of issuance, except for certain well-established customers, where the terms are extended to 180 days.

At the balance sheet date, the aging analysis of the trade and bills receivables, net of allowance for doubtful debts was as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Within 90 days	565	9,620
91 – 365 days	26	1,002
Over 1 year	<u>163</u>	<u>3,312</u>
	<u>754</u>	<u>13,934</u>

13. TRADE AND OTHER PAYABLES

At the balance sheet date, the aging analysis of the trade payables were as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Within 90 days	1,212	6,958
91 – 365 days	488	1,112
Over 1 year	<u>470</u>	<u>635</u>
Trade payables	2,170	8,705
Other payables and accruals	<u>5,244</u>	<u>12,337</u>
	<u>7,414</u>	<u>21,042</u>

At 31 March 2009, a balance payable to Mr. Liang Jin Yau, a director of certain subsidiaries of the Group, amounting to HK\$1,500,000 (2008: HK\$1,700,000) was included in other payables. The amount was unsecured, non-interest bearing and repayable on demand.

14. POST BALANCE SHEET EVENTS

On 30 April 2009, Lasting Power Investments Limited (“Lasting Power”), a wholly-owned subsidiary of the Company, entered into an agreement with an independent third party, Star Fortune International Development Company Limited, pursuant to which Lasting Power has conditionally agreed to acquire 51% equity interest in Star Fortune International Company Limited (“Star Fortune”) at a consideration of HK\$100,000,000. Star Fortune is an investment holding company with its subsidiaries engaged in mining, sale and distribution of coals in the PRC. Details of this transaction are stated in an announcement of the Company dated 7 May 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

In its financial year ended 31 March 2009, the Company continues to operate the marketing and trading of clocks and other office related products as well as the provision of management services related to oil trading. During this financial year, due to strategic reasons, the Group underwent a restructuring, including termination of the metals-trading business and the deregistration of a loss-making subsidiary in the United Kingdom.

After considering the future prospects relating to natural resources industry and the experiences of the existing management of the Company in the areas of exploring, developing and investing in natural resources, we believe that it is beneficial for the Company to further explore opportunities in the energy and basic materials sectors. In early part of this financial year, the Company made its first step of opening the door in the energy industry by entering into the oil trading services agreement with China Sonangol International Limited, the ultimate shareholder of Ascent Goal Investments Limited, which is the controlling shareholder of the Company.

With the unfolding of the global recession, the Company has been carefully reviewing investment opportunities. Subsequent to this financial year on 30 April 2009, the Company entered into a conditional Sale and Purchase Agreement to acquire 51% equity interest in a company with mining interests in Xinjiang Province of PRC, at the consideration of HK\$100 million (subject to adjustment). As this acquisition constitutes a very substantial acquisition, it is subject to the reporting, announcement and Shareholders’ approval requirements pursuant to Chapter 14 of the Listing Rules. We are very positive about this acquisition and if approved, we believe it can meaningfully strengthen the profitability of our Company.

While we believe the global economic situation will continue to be challenging and adversely affect our existing businesses, we are confident that the Board and management are able to take advantage of the market adversities and seize upon suitable investment opportunities to provide tremendous value-added to shareholders.

Financial Review

Turnover

The Group recorded a turnover of approximately HK\$23,105,000 for the year ended 31 March 2009 (2008: HK\$137,164,000). It represents a decrease of approximately HK\$114,059,000 or 83% as compared with last year.

Gross profit

The gross profit ratio of the Group for the year ended 31 March 2009 was increased to approximately 25.84% (2008: 8.76%).

Loss for the year

Loss of the Group for the year ended 31 March 2009 was increased 29.31% to approximately HK\$28,764,000 (2008: approximately HK\$22,245,000). This was mainly because of increase in finance cost.

Segment Information

Business segment

The performance of each of the Group's business segment for the year ended 31 March 2009 are summarized below:

(i) Clocks and Other Office Related Products

This Division achieved a turnover of approximately HK\$19,105,000 in the year under review (2008: approximately HK\$129,940,000), it represents a reduction of approximately HK\$110,835,000 or 85.30% as compared with the same period last year.

This Division reported a segment trading loss of approximately HK\$17,045,000 for the year ended 31 March 2009 representing an increase of approximately HK\$5,560,000 or 48.14% from last year of approximately HK\$11,485,000.

(ii) Management Fee Income

This Division achieved a turnover of HK\$4,000,000 for the year ended 31 March 2009.

(iii) Trading

The Group has ceased the operation of trading metals during the year ended 31 March 2009.

Geographic segments

Hong Kong and Europe remained as the major geographical segments of the Group for the year ended 31 March 2009. Ratio analysis by geographical segments for the Group's turnover for the year ended 31 March 2009 is as follows:

	North America		Europe		Hong Kong		PRC (other than Hong Kong)		Others	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	%	%	%	%	%	%	%	%	%	%
Segment turnover: to total turnover	-	55.84	30.84	25.94	42.45	2.61	26.71	10.25	-	5.36

Liquidity and Financial Resources

As at 31 March 2009, the Group had:

- net current assets of approximately HK\$375,182,000 (2008: approximately HK\$378,798,000)
- bank balances and cash of approximately HK\$378,997,000 (2008: approximately HK\$383,413,000) which were the major components of the Group's current assets of approximately HK\$385,820,000 (2008: approximately HK\$403,130,000)
- obligations under finance leases which were due within one year of nil (2008: approximately HK\$3,000)
- current liabilities of approximately HK\$10,638,000 (2008: approximately HK\$24,332,000) which were mainly composed of trade and other payables of approximately HK\$7,414,000 (2008: approximately HK\$21,042,000)
- bank borrowings of nil (2008: approximately HK\$2,984,000)
- non-current liabilities of approximately HK\$161,871,000 (2008: approximately HK\$145,237,000) which were composed of convertible loan notes (liability component only) with carrying amount of approximately HK\$161,871,000 (2008: HK\$145,237,000)

At 31 March 2009, there is no bank loan in the Group.

As a result of the issue of the convertible loan notes, the Group's gearing ratio was increased to approximately 75.83%(2008: 62.02%). The computation is based on long-term borrowings of the Group divided by shareholder's equity before minority interests as at 31 March 2009.

Charges on Group's Assets

As the financial year ended 31 March 2009, none of trade receivables was pledged to secure the borrowing (2008: HK\$1,567,000).

Significant Investments and Material Acquisitions

There were no significant investments or material acquisition during the year ended 31 March 2009.

Discontinued Operation

During the year ended 31 March 2009, the Group ceased the operation of trading of metals.

Foreign Exchange Exposure

The Group mainly earns revenue and incurs costs in Euro, US dollars and Hong Kong dollars. Foreign exchange exposure of the Group is minimal so long as the Government of the Hong Kong Special Administrative Region's policy to peg the Hong Kong dollars with the US dollars remains unchanged. The fluctuation of EUR will be minimal as the Group will scale down of the operation of Germany subsidiary.

Treasury Policies

The Group generally finances its operation with internal generated resources.

Contingent Liabilities

As at 31 March 2009, the Group did not have any contingent liabilities (2008: Nil).

Employees

As at 31 March 2009, the Group had 62 employees (2008: 110) spreading among Hong Kong, the PRC and Germany. Industrial relationship has been well maintained. The Group has adopted an extensive training policy for its employees. It has also sponsored senior executives for higher education programs. The Group has adopted a share option scheme whereby certain employees of the Group may be granted options to acquire shares of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

In the opinion of the directors of the Company (the “Directors”), the Company has during the year ended 31 March 2009 complied with the Code of Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), except the following aspects:

1. For the sake of flexibility, the Board holds meeting whenever necessary. During the year ended 31 March 2009, the Board held nine meetings which exceeded the minimum number of board meetings required under Code provision A.1.1.
2. Code provision A.2.1 stipulates that the roles of chairman and chief executive officer (“CEO”) should be separate and should not be performed by the same individual. During the year ended 31 March 2009, the Company did not have any officer with CEO title. Ms. Lo Fong Hung, the Chairperson and Managing Director of the Company, also carried out the responsibility of CEO during such period. In view of the size of operation of the Group, the Board considered that this structure is more suitable for the Company as it can promote the efficient formulation and implementation of the Company’s strategies.
3. Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting of the Company. Due to other business commitment, Ms. Lo Fong Hung, the Chairperson of the Board, was unable to attend the annual general meeting of the Company held on 2 September 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by its directors. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2009.

AUDIT COMMITTEE

The audit committee of the Company consists of three independent non-executive directors of the Company, namely, Messrs. Wong Man Hin, Raymond, Lam Ka Wai, Graham and Chan Yiu Fai, Youdey. The audit committee has reviewed with the management the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters including the review of the audited financial statements for the year ended 31 March 2009.

REMUNERATION COMMITTEE

The remuneration committee of the Company comprises four members, an executive director of the Company namely, Messrs. Kwan Man Fai and three independent non-executive directors of the Company namely, Messrs. Wong Man Hin, Raymond, Lam Ka Wai, Graham and Chan Yiu Fai, Youdey. The remuneration committee has adopted the terms of reference, which are in line with the Code.

PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.artfield.com.hk. The annual report of the Company for the year ended 31 March 2009 containing all information required by the Listing Rules will be despatched to shareholders and published on above websites in due course.

By Order of the Board
Artfield Group Limited
Kwan Man Fai
Executive Director

Hong Kong, 1 June 2009

As at the date of this announcement, the Board comprises three executive Directors, namely Ms. Lo Fong Hung, Mr. Wang Xiangfei and Mr. Kwan Man Fai, and three independent non-executive Directors, namely Mr. Wong Man Hin, Raymond, Mr. Lam Ka Wai, Graham and Mr. Chan Yiu Fai, Youdey.