

RICHFIELD GROUP LIMITED

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LISTED ON THE AUSTRALIAN STOCK EXCHANGE

31 August 2004

richcor/trk/322

Australian Stock Exchange Limited
Company Announcements Office

Dear Sir

Richfield Group Limited ("Richfield Group" or "the Company") wishes to advise the following:

The Company's wholly owned subsidiary, Richfield Shipping Pty Ltd ("Richfield Shipping") has entered into a conditional agreement with Richfield Marine Agencies (S) Pte Ltd ("Richfield Marine") to acquire 100% of the issued share capital of Richfield Marine, a company incorporated in Singapore. The consideration for the proposed acquisition is the issue 46,226,100 shares in Richfield Shipping at \$0.20 each to the shareholders of Richfield Marine being Chak Chew Tan and Poh Choo Lim, both of whom are Directors of Richfield Group.

The Company proposes, following the acquisition of Richfield Marine, to undertake a restructure by ultimately splitting the separate business activities and assets of the Company into 2 separate Australian Stock Exchange Limited (**ASX**) listed entities by a de-merger process. This will result in the entities having a separate focus with:

- (a) Richfield Group continuing in the technology industry; and
- (b) Richfield Shipping conducting a Singapore based shipping and logistics business following the acquisition of Richfield Marine.

To achieve this restructure the Directors propose an integrated approach reflecting the following key steps:

- (a) the acquisition by Richfield Shipping of the whole of the issued capital of Richfield Marine, a company incorporated in Singapore;
- (b) an in specie distribution of 4,646,760 shares in Richfield Shipping held by the Company representing 9.13% of Richfield Shipping to the Shareholders of the Company by way of a return of capital; and
- (c) a capital raising by Richfield Shipping with the aim of achieving a listing of the Richfield Shipping shares on ASX.

Accordingly, the Company proposes making an equal reduction of its capital to Shareholders on a 1 for 100 basis. That is, for every 100 Richfield Group shares held on the Record Date, Shareholders will receive 1 Richfield Shipping share.

Completion under the agreement will only occur if and when the following conditions are satisfied:

- (a) due diligence
- (b) no material adverse event
- (c) obtaining of necessary approvals including shareholder approval
- (d) in specie distribution of Richfield Shipping Shares by the Company
- (e) admission of Richfield Shipping to the ASX Official List
- (f) completion of the capital raising by Richfield Shipping.

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Summary of the transaction

Set out below is a summary of the steps required to successfully complete the distribution:

- (a) **Step 1** – Richfield Shipping currently has 4,646,760 shares on issue which are held by Richfield Group. Richfield Group has invested \$232,338 which is represented by the issue of these shares.
- (b) **Step 2** – subject to shareholder approval and all other conditions under the share sale agreement being satisfied, in consideration for the acquisition of the shares in Richfield Marine owned by Chak Chew Tan and Poh Choo Lim, directors of Richfield Group, Richfield Shipping has agreed to issue to Chak Chew Tan and Poh Choo Lim (or their Nominees) 46,226,100 Richfield Shipping shares at a deemed issued price of 20 cents per Richfield Shipping share.

The fair value of \$9,245,220 attributed to the shares in Richfield Marine was based on an Independent Experts Report commissioned by the Directors from Bridge Partners Pty Ltd;
- (c) **Step 3** – the Company will seek the approval of its shareholders to distribute the 4,646,760 shares referred to in Step 1 to its shareholders by way of an equal capital distribution;
- (d) **Step 4** – shareholder approval is obtained and the trading in Richfield Group shares commences on an “ex return of capital” basis the day after the meeting;
- (e) **Step 5** – Richfield Shipping lodges a prospectus in compliance with Section 710 of the Corporations Act with the ASIC for the offer of a minimum of 17,500,000 Shares at an issue price of 20 cents each to raise at least \$3,500,000 or such greater amount as determined by the Richfield Shipping (Capital Raising);
- (f) **Step 6** – Richfield Shipping will apply to ASX for the listing of the Richfield Shipping shares on the official list of ASX; and
- (g) **Step 7** – the Capital Raising is completed and ASX approval is given resulting in the distribution being effected, the shares the subject of the Capital Raising being issued and Richfield Shipping being listed on ASX.

Full details of the transaction will be provided in the Notice of Meeting of Shareholders to be lodged with the ASX in due course.

Yours sincerely



Ross Kestel
(Company Secretary)