RICHLY FIELD

# RICHLY FIELD CHINA DEVELOPMENT LIMITED
# 裕田中國發展有限公司

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

**(stock code: 313)**

# ANNUAL RESULTS
# FOR THE YEAR ENDED 31 MARCH 2017

The board (the "Board") of directors (the "Directors") of Richly Field China Development Limited (the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2017 (the "Year") together with the comparative figures for the year ended 31 March 2016 (the "Corresponding Year") and selected explanatory notes as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*Year ended 31 March 2017*

| | Notes | 2017 HK$'000 | 2016 HK$'000 |
|---|---|---|---|
| **Revenue** | *4* | **61,491** | 95,867 |
| Cost of sales | | **(91,984)** | (125,666) |
| Gross loss | | **(30,493)** | (29,799) |
| Impairment loss on prepaid land lease payments | | **–** | (34,000) |
| Impairment loss on investment properties | | **–** | (100,634) |
| Impairment losses of interests in associates | | **(6,637)** | – |
| Other income and gain | *5* | **216** | 1,658 |
| Selling expenses | | **(15,665)** | (12,781) |
| Administrative expenses | | **(121,245)** | (121,146) |
| Finance costs | *6* | **(152,321)** | (42,566) |
| Share of results of associates | | **(17,430)** | (941) |
| **Loss before tax** | *7* | **(343,575)** | (340,209) |
| Income tax expense | *8* | **–** | – |
| **Loss for the year** | | **(343,575)** | (340,209) |

| | Notes | **2017** **HK$'000** | 2016 HK$'000 |
|---|---|---|---|
| **Other comprehensive income/(expense)** | | | |
| ***Items that may be reclassified to profit or loss in subsequent periods:*** | | | |
| Exchange differences on translation of foreign operations | | **24,295** | (56,397) |
| Share of other comprehensive expense of associates | | **(1,547)** | (3,438) |
| **Other comprehensive income/expense for the year** | | **22,748** | (59,835) |
| **Total comprehensive expense for the year** | | **(320,827)** | (400,044) |
| **Loss per share** | *9* | | |
| Basic | | **HK(2.69) cents** | HK(3.05) cents |
| Diluted | | **HK(2.69) cents** | HK(3.05) cents |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*31 March 2017*

| | Notes | 2017 HK$'000 | 2016 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **32,394** | 37,790 |
| Investment properties | | **557,303** | 618,107 |
| Prepaid land lease payments | | **1,062,250** | 1,161,490 |
| Interests in associates | | **–** | 25,614 |
| Available-for-sale investment | | **2,724** | 2,724 |
| Goodwill | | **112,710** | 120,085 |
| | | **1,767,381** | 1,965,810 |
| **Current assets** | | | |
| Properties under development | | **934,896** | 939,848 |
| Completed properties held for sales | | **431,547** | 404,729 |
| Inventories | *11* | **–** | – |
| Trade receivables | *12* | **23,143** | 13,415 |
| Prepayments, deposits and other receivables | | **72,344** | 150,581 |
| Cash and cash equivalents | | **25,560** | 42,016 |
| | | **1,487,490** | 1,550,589 |
| **Current liabilities** | | | |
| Trade payables | *13* | **238,660** | 264,176 |
| Receipts in advance, other payables and accruals | | **1,036,065** | 1,096,182 |
| Amounts due to related parties | | **392,134** | 299,550 |
| Interest-bearing bank and other borrowings | | **169,861** | 1,322,292 |
| Convertible notes payable | | **110,863** | 132,710 |
| Provision | | **7,035** | 8,886 |
| Tax payable | | **121,270** | 133,326 |
| | | **2,075,888** | 3,257,122 |

| | Notes | 2017 HK$'000 | 2016 HK$'000 |
|---|---|---|---|
| **Net current liabilities** | | **(588,398)** | (1,706,533) |
| **Total assets less current liabilities** | | **1,178,983** | 259,277 |
| **Non-current liabilities** | | | |
| Amounts due to related parties | | **546,859** | 225,818 |
| Interest-bearing bank and other borrowings | | **754,688** | – |
| Deferred tax liability | | **8,021** | 8,546 |
| | | **1,309,568** | 234,364 |
| Net (liabilities) assets | | **(130,585)** | 24,913 |
| **Equity** | | | |
| Issued capital | | **659,331** | 594,331 |
| Reserves | | **(789,916)** | (569,418) |
| **(Capital deficiency) total equity** | | **(130,585)** | 24,913 |

# NOTES:

## 1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective terms include all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

### (b) Basis of preparation of the financial statements

As at 31 March 2017, the Group had net current liabilities and a capital deficiency of HK$588,398,000 and HK$130,585,000 respectively and recorded a consolidated loss for the year ended 31 March 2017 of HK$343,575,000.

The directors of the Company have taken steps to improve the Group's liquidity and solvency position. The directors of the Company are of the opinion that the Group will have sufficient funds to meet its financial obligations when they fall due in the foreseeable future taking into account the followings:

(i) the continuous financial support from related parties;

(ii) the expected refinancing of interest-bearing bank and other borrowings when they fall due;

(iii) the extension of the repayment terms of amounts due to related parties as at 31 March 2017 in aggregate of HK$235,272,000 beyond 31 March 2018;

(iv) the availability of loan facilities of RMB950,000,000 (equivalent to HK$1,070,080,000) expiring after 31 March 2018 granted by a non-banking financial institution in the PRC in April 2017 of which RMB500,000,000 (equivalent to HK$563,200,000) had been drawn down up to the date of these consolidated financial statements; and

(v) the forecasted operating cash outflows and budgeted construction costs for the year ending 31 March 2018.

In addition, on 28 June 2017, a related party entered into a supplementary agreement with the Group and had granted a discretionary right to the Group to determine the timing and methods of repayment, such as by way of loan capitalisation or settlement by cash or other assets, in relation to the amount due to it of HK$235,272,000 (which is currently classified as non-current liability as at 31 March 2017). On the same date, the related party agreed to provide continuous financing facilities of RMB400,000,000 (equivalent to HK$450,560,000) expiring in 2020. Accordingly, the directors of the Company had prepared the consolidated financial statements of the Group on a going concern basis.

The validity of the going concern assumption on which the consolidated financial statements are prepared is dependent on the successful and favourable outcomes of the steps being taken by the directors of the Company as described above.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at the amounts other than which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities.

The operating cycle of the Group's property development business is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Due to the nature of such business, the normal operating cycle is longer than 12 months. The Group's current assets include properties under development which will be sold, consumed or realised as part of the normal operating cycle for the property development business even when they are not expected to be realised within 12 months after the end of the reporting period.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

| | |
|---|---|
| Amendments to HKFRSs | *Annual Improvements to HKFRSs 2012 – 2014 Cycle* |
| Amendments to HKAS 1 | *Disclosure Initiative* |
| Amendments to HKAS 16 and HKAS 38 | *Clarification of Acceptable Methods of Depreciation and Amortisation* |
| Amendments to HKAS 16 and HKAS 41 | *Agriculture: Bearer Plants* |
| Amendments to HKAS 27 | *Equity Method in Separate Financial Statements* |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | *Investment Entities: Applying the Consolidation Exception* |
| Amendments to HKFRS 11 | *Accounting for Acquisitions of Interests in Joint Operations* |

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

**New and revised HKFRSs issued but not yet effective**

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

| | |
|---|---|
| HKFRS 9 (2014) | *Financial Instruments*[2] |
| HKFRS 15 | *Revenue from Contracts with Customers*[2] |
| HKFRS 16 | *Leases*[4] |
| Amendments to HKFRSs | *Annual Improvements to HKFRSs 2014 – 2016 Cycle*[3] |
| Amendments to HKAS 7 | *Disclosure Initiative*[1] |
| Amendments to HKAS 12 | *Recognition of Deferred Tax Assets for Unrealised Losses*[1] |
| Amendments to HKAS 40 | *Transfers of Investment Property*[2] |
| Amendments to HKFRS 4 | *Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2] |
| Amendments to HKFRS 10 and HKAS 28 | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[5] |
| Amendments to HKFRS 2 | *Classification and Measurement of Share-based Payment Transactions*[2] |
| HK (IFRIC) – Int 22 | *Foreign Currency Transactions and Advance Consideration*[2] |

[1] *Effective for annual periods beginning on or after 1 January 2017.*
[2] *Effective for annual periods beginning on or after 1 January 2018.*
[3] *Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.*
[4] *Effective for annual periods beginning on or after 1 January 2019.*
[5] *Effective date not yet been determined.*

The directors of the Company anticipate that, except as describe below, the application of new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

## 3. OPERATING SEGMENT INFORMATION

Over 90% of the Group's revenue, expenses, assets and liabilities are generated from the Group's property development projects in Changsha, Hunan Province (the "Changsha Project") and Qinhuangdao of Hebei Province (the "Qinhuangdao Project") in the People's Republic of China (the "PRC"). The chief executive officer (the chief operating decision maker) makes decisions about resources allocation and assesses performance of the Group based on the operating results from and financial position of these business activities. No single reportable operating segment was presented for sales of fashion wears and accessories for both years as the chief executive officer is of the opinion that such segment is not informative due to its immaterial to the Group's profit or loss, total assets and liabilities. Accordingly, the chief executive officer is of the opinion that the Changsha Project and Qinhuangdao Project in the PRC is a single reportable operating segment of the Group.

An analysis of the Group's revenues from external customers for each group of similar products and services is disclosed in note 4.

The Group's revenue from external customers is derived solely from its operations in the PRC, and all non-current assets (other than financial assets) of the Group are located in the PRC.

During the year, the Group had no transactions with external customer which individually contributed over 10% to the Group's total revenue (2016: Nil).

## 4. REVENUE

Revenue represents gross proceeds from the sale of properties, net of valued-added tax and other sales related taxes; the net invoiced value of goods sold, after trade discounts; gross rental income received and receivable from investment properties and management fee income during the year.

An analysis of the Group's revenue is as follows:

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Sales of properties | **25,566** | 73,138 |
| Sales of fashion wears and accessories | **895** | 3,750 |
| Gross rental income | **25,564** | 16,346 |
| Management fee income | **9,466** | 2,633 |
| | **61,491** | 95,867 |

## 5. OTHER INCOME AND GAIN

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest income on bank deposits | **95** | 107 |
| Other interest income | **–** | 111 |
| Net exchange gain | **36** | 147 |
| Others | **85** | 1,293 |
| | **216** | 1,658 |

## 6. FINANCE COSTS

An analysis of the Group's finance cost is as follows:

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on bank and other loans | **262,058** | 233,225 |
| Interest on convertible notes payable | **8,153** | 2,710 |
| *Less:* Amount capitalised in the cost of qualifying assets | **(117,890)** | (193,369) |
| | **152,321** | 42,566 |

The capitalisation rates used to determine the amount of borrowing costs eligible for capitalisation for the year ended 31 March 2017 was 10.06% (2016: 11.95%).

## 7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging (crediting):

| | | **2017** | 2016 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| (a) | Staff costs: | | |
| | Salaries, wages and other benefits | **20,340** | 19,281 |
| | Contributions to defined contribution retirement plans | **2,696** | 2,286 |
| | | **23,036** | 21,567 |
| (b) | Other items: | | |
| | Cost of inventories recognised as expenses# | **27,967** | 95,817 |
| | Gain on disposal of property, plant and equipment | **(1)** | – |
| | Depreciation of property, plant and equipment* | **3,200** | 4,241 |
| | Depreciation of investment properties# | **29,530** | 29,488 |
| | Impairment loss on other receivables* | **4,343** | – |
| | (Reversal of) provision for compensation* | **(1,348)** | 3,225 |
| | Provision for completed properties held for sales# | **26,808** | – |
| | Reversal of provision for inventories# | **(1,639)** | (2,530) |
| | Amortisation of prepaid land lease payments* | **28,979** | 31,363 |
| | Auditors' remuneration | **980** | 1,090 |
| | Minimum lease payments under operating leases in respect of land and buildings | **1,909** | 1,084 |

# *This amount is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.*

* *This amount is included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.*

## 8. INCOME TAX EXPENSE

Pursuant to the rules and regulations of Bermuda, the Group is not subject to any income tax in Bermuda.

Under the Law of the People's Republic of China on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries registered in the PRC is 25% (2016: 25%).

No provision for Hong Kong profits tax has been made for the year ended 31 March 2017 as the Group did not generate any assessable profits arising in Hong Kong during the year (2016: Nil).

## 9. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the following data

| | 2017 | 2016 |
|---|---|---|
| Loss attributable to owners of the Company | **(343,575)** | (340,209) |

| | 2017 | 2016 |
|---|---|---|
| Weighted average number of ordinary shares (basic) | **12,752,098,522** | 11,140,159,018 |

### (b) Diluted loss per share

For the years ended 31 March 2017 and 2016, diluted loss per share does not include the effect of the convertible notes since the assumed conversion had an anti-dilutive effect on the basic loss per share.

For the year ended 31 March 2016, the computation of diluted loss per share did not assume the exercise of the Company's outstanding share options as the exercise price of these options were higher than the average market price of shares.

## 10. DIVIDENDS

The directors of the Company do not recommend the payment of any dividends in respect of the year ended 31 March 2017 (2016: nil).

## 11. INVENTORIES

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Finished goods – fashion wears and accessories | **–** | – |

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Carrying amount of inventories sold | **1,639** | 6,670 |
| Reversal of write-down of inventories | **(1,639)** | (2,530) |
| | **–** | 4,140 |

The reversal of write down of inventories arose due to an increase in the estimated net realisable value of certain products as a result of change in market condition and sales of certain products which had been written down to net realisable value in prior years.

## 12. TRADE RECEIVABLES

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Rental receivable | **960** | 1,005 |
| Rental recognised using the straight-line method | **22,183** | 12,410 |
| Total | **23,143** | 13,415 |

The Group does not hold any collateral over its trade receivables.

An aged analysis of the rental receivables as at the end of the reporting period, based on the invoice date, is as follows:

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within one year | **184** | 234 |
| More than one year | **776** | 771 |
| | **960** | 1,005 |

**Trade receivables that is not impaired**

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Neither past due nor impaired | **175** | 179 |
| Past due but not impaired | | |
| Less than 1 month past due | **–** | 14 |
| 1 to 3 months past due | **–** | 4 |
| More than 3 months but less than 12 months past due | **9** | 37 |
| More than 12 months past due | **776** | 771 |
| | **785** | 826 |
| | **960** | 1,005 |

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default. Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. No impairment on trade receivables had been recognised as at 31 March 2017 (2016: nil).

## 13. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

| | 2017 | 2016 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Within one year | **23,115** | 242,418 |
| One to two years | **197,221** | 1,580 |
| Over two years | **18,324** | 20,178 |
| | **238,660** | 264,176 |

The Group has financial risk management policies to ensure that all payables are settled within the credit time frame.

## 14. EVENTS AFTER THE REPORTING PERIOD

The Group's significant events after the reporting period were disclosed in note 1(b).

## EXTRACT FROM INDEPENDENT AUDITORS' REPORT

The auditor's opinion on the Group's financial statements for the year ended 31 March 2017 as follows:

### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Material Uncertainty Related to Going Concern

We draw attention to note 2.1 to the consolidated financial statements which indicates that the Group incurred a net loss of approximately HK$343,575,000 during the year ended 31 March 2017 and as of that date, the Group had net current liabilities and a capital deficiency of HK$588,398,000 and HK$130,585,000 respectively. These conditions, along with other matters as set forth in note 2.1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Matter

The consolidated financial statements of the Group for the year ended 31 March 2016 was audited by another auditor who issued a qualified audit opinion dated 24 June 2016.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

The Group is principally engaged in outlets commercial operation and development and operation of featured commercial properties (such as tourism property, senior care property and wine chateaus), development of high-end residential properties as well as property management.

During the Year, the Group recorded revenue from sales of properties of HK$25,566,000, mainly attributable to delivery of Phase 1 and 2 of residential properties and the gross rental income and management fee income of HK$25,564,000 and $9,466,000, respectively, of its Factory Outlet Center and Outlets Town located in Changsha, Hunan Province, the People's Republic of China (the "PRC") (the "Changsha Outlets Project").

As for financing aspect, the Group entered into a revolving loan facility agreement with JeShing Real Estate Group Company Limited*（金盛置業投資集團有限公司）, a related party of the Group, in relation to an unsecured loan facility in the total principal amount of RMB400,000,000 (equivalent to approximately HK$450,560,000) for a term of three years at an interest rate of 5% per annum (the "Other Loan 1"). RMB208,871,000 (equivalent to approximately HK$235,272,000) had been utilised as at 31 March 2017. During the Year, the Group entered into a renewal loan agreement with related parties, JeShing Real Estate Group Company Limited, 南京第一建築工程集團有限公司 and 江蘇裝飾材料有限公司 in relation to a loan facility in the total principal amount of RMB301,800,000 (equivalent to approximately HK$339,948,000) for a term of one year at an interest rate of 6.6% per annum which was secured by the pledge of certain of the Group's assets (the "Other Loan 2") had been utilised as at 31 March 2017. During the year, the Group entered a loan agreement with an independent financial institution, 中國華融資產管理股份有限公司湖南省分公司 in relation to a loan facility in the total principal amount of RMB300,000,000 (equivalent to approximately HK$337,920,000) for a term of 3 years at an interest rate range of 8.5%-9.5% per annum which was secured by the pledge of certain of the Group's assets (the "Other Loan 3"), had been utilised as at 31 March 2017. During the year, the Group entered a loan agreement with a related party, 南京金盛國際家居市場經營管理有限公司 in relation to a loan facility in the total principal amount of RMB300,000,000 (equivalent to approximately HK$337,920,000) for a term of 3 years at an interest rate range of 10%-11% per annum which was secured by the pledge of certain of the Group's assets (the "Other Loan 4"), had been utilised as at 31 March 2017. These helped the Group to replenish cash flow.

The Changsha Outlets Project (the "Changsha Outlets Project") is a commercial and residential property project developed by Hunan Richly Field Outlets Real Estate Limited ("Hunan Richly Field"), a wholly-owned subsidiary of the Company. Outlets Town, the residential project, officially went on sale after its sales permit was obtained in November 2014. During the Year, the Company stepped up its marketing efforts by lining up the existing resources of the Changsha Outlets Project to carry out a series of effective promotion activities including the Outlets Light Festival and the Outlets Tent Festival, so as to make the best of the elaborately designed livable environment in Outlets Town. Furthermore, the Company explored new ways of cooperation with the commercial tenants at the commercial property in a bid to boost sales of both commercial and residential space. Attributable to such effective promotion activities, coupled with the strong support from the "destocking" housing policy at the national and local level, 483 bungalows and middle-height buildings of Phase 2 of the residential project have been sold out and gradually delivered, thus making Outlets Town a community with increasingly matured living conditions. In addition, Phase 2 of the residential project was rated as high-quality structural engineering in Changsha, and Blocks No. 2, 7 and 12 in the northern commercial district the property ownership certificates were obtained by the Company for during the Year. By building such a full-featured community and offering high-quality property management services, the Company has enhanced its reputation as a high-end property developer. During the Year, the management conducted detailed analysis and survey on the development trends of the real estate market in Changsha. Considering the actual conditions of the Changsha Outlets Project, the Company still intends to focus on developing bungalows and middle-height buildings as new offerings in the next stage, in order to satisfy the demands for housing improvements from customers with growing environmental and health awareness. Meanwhile, the Company was actively negotiating with the local government on building up educational facilities inside the Changsha Outlets Project, so as to meet educational needs of the property owners and thus enhance the overall strength and competitiveness of the Changsha Outlets Project.

Moreover, the block-type commercial complex of the Changsha Outlets Project, with an area of approximately 90,000 square meters, officially opened for business during the National Day Golden Week in 2014, and since then its sales kept hitting record highs and saw double-digit growth over the same period last year. During the Year, the Group continued to focus on investment attraction, marketing and publicity, in an effort to extend the brand influence of Globe Outlets while boosting sales. With respect to investment attraction, the Company endeavored to introduce more brands that cater for local consumers' demands with the most preferential commercial terms through effective market research and consumer behavior analysis of the target customers of the Group. During the Year, the Company leveraged its increasingly sophisticated business atmosphere to successfully sign up a bunch of merchants representing a wide range of brands, such as women's wear, business men's wear, casual wear, outdoor and footwear brands, so as to enrich the product mix. In particular, the introduction of experience and retail stores for children was prioritized. With respect to marketing, combining hot topics with interesting innovations, the Company drew on the open area of the Changsha Outlets Project to organize a string of promotion activities such as Olympic Games Never Stop, Cool Summer, Second Anniversary of Business Opening, European Cup, Trunk Flea Market and Kite Flying, which cemented interpersonal ties among customers and offered the joyous consumer experience. Meanwhile, the Company vigorously integrated the existing marketing resources to drive up the overall sales of Outlets Town, Globe Outlets and Latitude. The Company is committed to developing the Changsha Outlets Project into a truly comprehensive shopping park in Hunan integrating shopping, recreation, entertainment and catering services, in a drive to enhance the overall brand awareness and reputation of Globe Outlets.

Qinhuangdao Outlets Real Estate Company Limited has become an indirect wholly-owned subsidiary of the Group since its acquisition of King Future Limited. Located in the core area of International Healthy City, Beidaihe New District, Qinhuangdao, the Qinhuangdao Outlets Project is positioned to become a large coastal shopping and tourism resort complex with outlets commerce as the major operation integrated with high-end hot spring resort hotels, health preservation and elderly care, cultural activities, entertainment and recreational resorts. During the Year, the conceptual design for the planned Qinhuangdao Outlets Project was reviewed and approved by the local government, and the relevant government approval will be granted during the year. Accordingly, construction of this project is expected to start in the second half of 2017. Pre-construction basic works such as access to water supply, electricity and roads as well as land levelling have been completed. A detailed supervisory plan and a detailed construction plan for Phase 1 have won recognition from the competent authorities of Beidaihe New District, and are in the process of being further perfected before submitted for approval. Pre-construction procedures such as obtaining official replies on the water and soil conservation proposal and the environmental impact report have been completed. Phase 1 of the project with a planned area of 116,000 square meters will commence construction immediately upon approval of the aforesaid plans.

In terms of development strategies, the Group gives top priority to how to highlight its uniqueness and stand out from numerous competitors amid the growing popularity of online shopping and the rise of surrounding commercial complexes. As a commercial real estate operator, the Group has made foresighted arrangements in its business blueprint to minimize the adverse impacts of online shopping and peer competition on its performance. Instead of heavily relying on fashion retail like traditional commercial real estate operators, the Group puts more emphasis on experience consumption such as recreation, entertainment, interaction and catering services to provide services different from online shopping in the Changsha Globe Outlets Shopping Park operated by it. Specifically, the Group introduced various specialty services such as famous home furnishing brands, a five-star cinema, a large children's indoor and outdoor park, a high-end indoor trampoline center originating in Australia and fine cuisines, attracting an average of 30,000 consumers each weekday and 50,000 each weekend day to patronize the shopping park for recreation or otherwise. Meanwhile, by virtue of the convenient transportation facilities around the project and the comfortable shopping environment created by the European-style buildings as well as the considerate and quality customer services, the Group managed to attract a large number of merchants and loyal customers, which enabled the Group to gain valuable experience for its future developments such as the Qinhuangdao Outlets Project.

During the Year, the projects managed by our associated companies also achieved certain progress.

The master plan, demonstration area design plan, chateau design plan and environmental impact assessment of the characteristic villa residential and winery project in Huailai of Hebei have been completed. The project is developed by Huailai Dayi Winery Company Limited, a 50%-owned associated company of the Company. In the demonstration area, access to roads, electricity and water supply has been in place and certain works regarding landscaping, planting and slope wall reconditioning have been completed. In addition, bidding for a parcel of construction land of approximately 480 mu to be listed for sale is under preparation.

Globe Outlet Town (Jilin) Limited, a 42%-owned associated company of the Company, conducted careful and detailed market research for its Jilin Project and found out that the local commercial complexes are heavily homogeneous in the context of the overall weak economic environment in Northeast China. As such, in order to seek differentiation, the Company plans to develop the Jilin project in Shuangyang District, Changchun, Jilin Province into an integrated project ("Jilin Project") combining a theme park and a cultural tourism town under the theme of cultural tourism and the objective of building a livable place with elderly care. The Jilin Project has a piece of land with an area of 443 mu for commercial and residential use in Shuangyang District, Changchun, which was acquired in early 2016. In respect of the Jilin Project, the Company has obtained official written reply on the soil and water conservation proposal, the environmental impact report and the project authorization as well as official comments on the energy conservation assessment report. At present, preliminary works of the Jilin Project such as surrounding road construction and grid and pipeline relocation are underway, with the fencing works and some land leveling works having been completed. Meanwhile, the Company is actively communicating with the local government and the design institution on hammering out the conceptual design plan of the project. Once the plan is approved by the government, the Company will start property construction as soon as possible.

**Financial Review**

During the Year, the Group recorded a total revenue of HK$61,491,000 as compared to HK$95,867,000 in the Corresponding Year. As set out in the financial statements, the revenue of the Year was mainly attributable to the sales of the properties of the Changsha Outlets Project in the amount of HK$25,566,000 compared to HK$73,138,000 for the Corresponding Year. Sales of the fashion wears and accessories also recorded revenue in the amount of HK$895,000 for the Year compared to HK$3,750,000 for the Corresponding Year. Gross rental income of approximately HK$25,564,000 for the Year compared to HK$16,346,000 for the Corresponding Year, from the leasing of the outlet plaza of the Changsha Outlets Project. Management fee income received of approximately HK$9,466,000 for the Year compared to HK$2,633,000 for the Corresponding Year.

The loss attributable to equity holders amounted to HK$343,575,000 as compared to HK$340,209,000 in the Corresponding Year. The loss per share for the Year was HK2.69 cents as compared to HK3.05 cents for the Corresponding Year.

**Significant Investments**

The Group did not have any significant investments during the Year.

**Material Acquisitions and Disposals of Subsidiaries and Associated Companies**

The Group did not have any material acquisitions and disposals of subsidiaries and associated companies during the Year.

**Capital Structure**

During the Year, Sino Dynamics Investments Limited, a company indirectly wholly-owned by Mr. Du Wei who is a substantial shareholder of the Company, subscribed an aggregate of 1,300,000,000 shares at HKD0.10 per subscription share and thus the issued share capital of the Company enlarged from 11,886,619,070 ordinary shares to 13,186,619,070 ordinary shares.

As at 31 March 2017, the audited net liabilities attributable to owners of the Company amounted to HK$130,585,000 (net assets as at 31 March 2016: HK$24,913,000), representing a decrease of 624% as compared with the same as of 31 March 2016. With the total number of 13,186,619,070 ordinary shares in issue as of 31 March 2017, the audited net liabilities value per share was HK0.99 cents (net assets value per share as at 31 March 2016: HK0.21 cents).

**Liquidity and Financial Resources**

The Group mainly finances its business operations with its internal resources and loan facilities from banks and financial institutions.

As at 31 March 2017, the Group had cash and bank balances of HK$25,560,000 (2016: HK$42,016,000). The Group's current ratio (measured as total current assets to total current liabilities) was 0.72 times (2016: 0.48 times). The increase in the current ratio was mainly due to the decrease interest-bearing bank and other borrowings.

As at 31 March 2017, the secured and unsecured interest-bearing bank and other borrowings and convertible notes payable of the Group amounted to HK$901,120,000 (2016: HK$1,297,330,000) and HK$23,429,000 (2016: HK$24,962,000) and HK$110,863,000 (2016: HK$132,710,000), respectively. Gearing ratios are not presented as the Group had capital deficiency as at 31 March 2017.

**Pledge of Assets**

As at 31 March 2017, property interest held by the Group with net carrying amount of HK$1,404,129,000 (2016: HK$1,151,988,000) were pledged to PRC banks and other financial institution for the Group's borrowings. In addition, as at 31 March 2017 and 2016, a bank loan was secured by the Group's entire equity interest in 湖南裕田奧特萊斯置業有限公司.

**Foreign Exchange Exposures**

As the Group's bank and other borrowings, bank and cash balances, trade receivables, trade payables, accruals, other payables and amounts due to related parties were mainly denominated in RMB, the Group had not experienced significant exposure to foreign currency fluctuation.

**Employees and Remuneration Policy**

As at 31 March 2017, the Group employed a total of 177 employees (excluding Directors), as compared to 206 employees (excluding Directors) as at 31 March 2016. The Group remunerates its employees based on their performance, working experience and prevailing market parameters. Employee benefits include medical insurance coverage, provident fund and share options.

**Prospect and Outlook**

In 2016, the annual turnover of the domestic real estate market hit a record high. In the first three quarters, the market picked up rapidly as driven by the gradually eased policies and the strong rigid demands. Led by the destocking campaign, various favourable policies such as reductions in down payment, deed tax and reserve requirement ratio were introduced throughout the country, propelling the housing market to soar. From October, the central and local governments adopted a range of tightening policies over the housing market, in order to control overheating property prices and stabilize the market for healthy development.

In the first quarter of 2017, the government regulatory authorities launched, in a wide range, restrictive policies on property purchases and grant of mortgage loans and continued to strengthen oriented market regulation. Despite the tightening of real estate policies, it is clear that the goal of such policies is not to pull down property prices but to curb the soaring of such prices. The Chinese government's work report released in 2017 called for speeding up the construction and improvement of the fundamental system and long-term mechanism underlying a stable and sound real estate market, in order to promote smooth operation of the market.

Given the relatively low urbanization rate in China at present, the population in cities and towns will continue to grow, thus generating ongoing strong demands in the real estate market. In the city where the Group's Changsha project is located, the urbanization rate remains low, and the local government is planning to increase the urbanization rate to 89% by 2025, which in turn guarantees demands for the long-term development of the real estate market. As overall housing demands will remain robust for a long time, market demands in large cities and small and medium-sized cities are by no means a zero-sum game. In the long run, housing demands in China's first- and second-tier cities will go unabated, which means that real estate will still function as a pillar industry of China in the next 15 to 20 years.

Currently, the Group derives its operating income mainly from the Changsha Outlets Project which is situated in the promising core area of Xiangjiang New District, Hunan. Xiangjiang New District, being the first national new district in central China, is positioned to serve as an important engine for economic and social development in Hunan and the middle reaches of the Yangtze River, a vital contributor to the Yangtze River Economic Belt and a national pilot zone for building a resource-saving and eco-friendly society. Seizing great opportunities from the growing new district, the Company will develop the Changsha Outlets Project into a truly international and eco-friendly Globe Outlets shopping park integrating shopping, recreation, entertainment, tourism and vacationing by vigorously developing specialty commercial services and focusing on customer experience to seek differentiated development. Since it opened for business on 1 October 2014, business has been booming as sales kept rising. As of now, more than 180 merchants representing nearly 200 brands have become commercial tenants of Globe Outlets. The business formats there mainly include discount stores of globally famous brands, domestic first- and second-grade men's and women's clothing stores, cosmetics boutiques, sports and leisure businesses, children's amusement parks, IMAX cinemas and special restaurants.

As discussed above, the Group focuses on introducing businesses based on experience consumption. In particular, the Beijing and Changsha Latitude Trampoline Centers have opened for business. They are large indoor fashionable sports parks introduced from Australia, built upon Melbourne's successful operation and management model and systematically optimized according to the sports habits of Chinese people. In March 2017, Latitude Trampoline Center debuted in Changsha with a total area of nearly 5,000 square meters, which scaled up the income streams and diversified commercial features of the Changsha Outlets Project. Meanwhile, the Latitude centers in Jianning Road of Nanjing and Hongqiao District of Shanghai are under construction and expected to open for business in June 2017 and at the end of this year, respectively. Moreover, site selection and business negotiations for additional Latitude centers in Beijing, Hangzhou and Nanjing are also underway. The novel sport offered by Latitude, which is well-received in the market and brings ever-growing sales revenue, is expected to diversify the Group's income sources and improve its cash flow.

Furthermore, the Group will pay close attention to market updates to understand the dynamic consumer needs of local markets. Accordingly, the Group will continue to refine the development focus of residential products, the investment attraction strategy of the commercial segment and the Phase II planning for the Changsha Outlets Project, as well as the design plans of the Qinhuangdao and Changchun projects, with a view to flexibly and effectively use our capital to achieve capital optimization. In the future, the Group will continue to explore financing channels and actively seek financing in Hong Kong's capital market. Thanks to the increasingly diversified product mix available for sale, the Group expects to enjoy solid financial support for its sustained development.

Additionally, the Group also keeps a close eye on the emerging industries in mainland China, such as elderly care, medical, sports fitness, e-sports, game & animation and virtual reality sectors. Looking forward, the Group will continue to opportunistically acquire any promising projects, actively adjust its business portfolio and broaden its income sources to maximize the returns for shareholders.

## FINAL DIVIDEND

The Board did not recommend payment of a final dividend for the Year (2016: Nil).

## CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance in the best interest of the shareholders of the Company (the "Shareholders"). The Company has been making an effort to enhance the corporate governance standard of the Company by reference to the code provisions and recommended best practices set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). During the Year, the Company has applied and complied with all the code provisions set out in the CG Code except for the deviation from code provision A.2.1.

Code provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

During the Year, Mr. Xin Songtao assumed the roles of both chairman and the chief executive of the Company. The Board believes that at the Group's development stage, this structure helps to make planning and execution more efficient. The Board will review this situation periodically and will consider steps to separate dual roles of chairman and chief executive as and when appropriate.

## DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors.

Having made specific enquiries to all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code throughout the Year.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the Year, the Company and any of its subsidiaries did not purchase, sell or redeem any of the Company's listed shares.

## AUDIT COMMITTEE REVIEW

The audit committee of the Company has reviewed with the management the Group's consolidated financial statements for the Year, including the accounting principles and practices adopted by the Group and discussed auditing, risk management and internal control, and financial reporting matters, in conjunction with the auditors of the Company.

## PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT

This results announcement is published on the Company's website at www.richlyfieldchina.com and the Stock Exchange's website at www.hkexnews.hk. The 2017 Annual Report will also be available on both websites and despatched to the Shareholders in due course.

By Order of the Board
**Richly Field China Development Limited**
**Wang Yucan**
*Chairman*

Hong Kong, 30 June 2017

*As at the date of this announcement, the Board comprises two executive Directors, namely Ms. Wang Yucan (Chairman) and Mr. Ma Jun (Deputy Chairman); two non-executive Director, namely Mr. Li Yi Feng and Mr. Chen Wei; and three independent non-executive Directors, namely Ms. Hsu Wai Man Helen, Mr. Chau Shing Yim David and Mr. Xu Jinghong.*

* *For identification purpose only*