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 2019

The board (the "Board") of directors (the "Directors") of Richly Field China Development Limited (the "Company") hereby announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2019 (the "Year") together with the comparative figures for the year ended 31 March 2018 (the "Corresponding Year") and selected explanatory notes as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2019

	NOTES	2019 HK$'000	2018 HK$'000
Revenue	4	**284,184**	195,338
Cost of sales		**(307,917)**	(157,862)
Gross (loss) profit		**(23,733)**	37,476
Write-off of completed properties held for sales		**–**	(171,066)
Gain on revaluation of investment properties		**2,590**	11,536
Other income and gain		**488**	536
Selling expenses		**(11,571)**	(5,164)
Administrative expenses		**(88,645)**	(87,389)
Finance costs	5	**(138,001)**	(165,174)
Share of results of associates		**(1,982)**	(2,516)

	NOTES	2019 HK$'000	2018 HK$'000
Loss before tax	*6*	**(260,854)**	(381,761)
Income tax expense	*7*	**(7,443)**	(9,869)
Loss for the year		**(268,297)**	(391,630)
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Gain on revaluation of properties from change in use, net of tax		**–**	30,612
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(28,842)**	(4,335)
Share of other comprehensive expense of associates		**(1,924)**	–
		(30,766)	(4,335)
Other comprehensive (expense) income for the year, net of tax		**(30,766)**	26,277
Total comprehensive expense for the year		**(299,063)**	(365,353)
		HK$	*HK$*
Loss per share	*8*		
Basic		**(1.15) cents**	(2.79) cents
Diluted		**(1.15) cents**	(2.79) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2019

	NOTES	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**31,095**	34,996
Investment properties		**1,492,566**	1,391,525
Prepaid land lease payments		**644,699**	709,186
Interests in associates		**56,750**	39,976
Available-for-sale investment		**–**	2,724
Financial assets designated at fair value through other comprehensive income ("FVTOCI")		**2,724**	–
Prepaid construction costs		**–**	37,343
Goodwill		**116,650**	124,878
		2,344,484	2,340,628
Current assets			
Properties under development		**1,804,630**	1,407,476
Completed properties held for sales		**98,556**	441,433
Inventories	*10*	**–**	–
Trade receivables	*11*	**14,959**	13,216
Prepayments, deposits and other receivables		**195,922**	839,643
Cash and cash equivalents		**75,114**	14,848
		2,189,181	2,716,616
Current liabilities			
Trade payables	*12*	**701,384**	472,914
Receipts in advance, other payables and accruals		**623,691**	983,888
Contract liabilities		**176,019**	–
Amounts due to related parties		**98,438**	203,334
Interest-bearing bank and other borrowings	*13*	**1,192,819**	174,470
Notes payable		**93,471**	88,114
Provisions		**6,745**	7,221
Tax payable		**127,770**	140,318
		3,020,337	2,070,259

	NOTES	2019 HK$'000	2018 HK$'000
Net current (liabilities) assets		**(831,156)**	646,357
Total assets less current liabilities		**1,513,328**	2,986,985
Non-current liabilities			
Deferred income		**65,004**	69,588
Amounts due to related parties		**683,576**	772,598
Interest-bearing bank and other borrowings	*13*	**279,792**	1,366,560
Deferred tax liabilities		**100,057**	99,416
		1,128,429	2,308,162
Net assets		**384,899**	678,823
Equity			
Issued capital		**1,166,834**	1,166,834
Reserves		**(781,935)**	(488,011)
Total equity		**384,899**	678,823

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.

(b) Basis of preparation of the financial statements

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group").

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in Hong Kong dollars ("HK$"), rounded to the nearest thousand except for per share data. Hong Kong dollar is the Company's functional and the Group's presentation currency.

The Group reported net loss of approximately HK$268,297,000. As at 31 March 2019, the Group had net current liabilities of approximately HK$831,156,000 and total borrowings, including interest-bearing bank and other borrowings, amounts due to related parties and notes payable of approximately HK$1,384,728,000 which will be due in the coming twelve months from the end of the reporting period. As at the same date, the Group's cash and cash equivalents amounted to approximately HK$75,114,000.

In addition, as at 31 March 2019, loan principal repayments of RMB95,000,000 and interest payments of approximately RMB57,633,000 (equivalent to approximately HK$67,189,000) relating to certain bank borrowings of the Group with a principal amount of RMB950,000,000 were not repaid in accordance with the repayment schedule set out in the relevant loan agreements. These constituted events of default and as stipulated in the relevant loan agreements (the "Loan Agreement"), the bank (the "Bank") has the right to demand immediate repayment of the outstanding principal and interests.

Subsequent to the end of the reporting period, the Group had repaid the interest that was in default as at 31 March 2019. Furthermore, the Group is currently in the process of negotiation with the Bank for the extension of the repayment of principal amount of RMB950,000,000 and interest of approximately RMB19,156,000 that remained overdue as at the date of this announcement, and the directors of the Company are confident that agreements will be reached with the Bank in due course. Based on the latest discussion between the Group and the Bank, the entire principal amount and interests are expected to be extended to 2022.

Furthermore, as at 31 March 2019, notes payable with carrying amount of approximately HK$93,471,000 was in default and the notes holder has the right to demand immediate repayment of the outstanding principal and interests. The directors of the Group have been taking proactive actions to liaise with the notes holder and his authorised representative in relation to the settlement arrangement of the outstanding principal and accrued interest.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of the above, the directors of the Company have reviewed the Group's cash flow projections covering a period of twelve months from 31 March 2019 which have taken into account the followings:

(i) the Group's property development projects had shown steady progress with satisfactory results from pre-sales activities and the Group is in the process of accelerating the pre-sales and sales of its properties under development;

(ii) the continuous financial support from related parties;

(iii) the unutilised loan facility from a related company beneficially owned by a controlling shareholder of RMB1,000,000,000 that will not be expiring before 31 March 2020 of which approximately RMB947,235,000 remained unutilised as at 31 March 2019;

(iv) the extension of the repayment terms of other borrowing of RMB30,000,000 that were classified as current liabilities as at 31 March 2019 to June 2022;

(v) the forecasted operating cash flows for the year ending 31 March 2020.

Based on the above, in the opinion of the directors of the Company, the Group will have sufficient working capital to fulfill its financial obligations as and when they fall due in the coming twelve months from 31 March 2019. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis. These consolidated financial statements do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

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

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and related Amendments
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

The impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers have been summarised below. The application of other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 superseded HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard established a five-step model for determining whether, how much and when revenue is recognised. The Group has elected to adopt the modified retrospective approach for contracts with customers that are not completed as at the date of initial application (i.e. 1 April 2018) with the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of accumulated losses, where appropriate, and comparative information is not restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and related interpretations. Details are described below.

Based on the assessment by the directors, the application of the HKFRS 15 have not resulted in any material impact on the timing and amounts of revenue recognition in the current year and accumulated losses at 1 April 2018.

The Group's accounting policies for its revenue streams are disclosed in detail in the annual report.

Summary of effects arising from initial application of HKFRS 15

	Note	Carrying amount previously reported at 31 March 2018	Reclassification	Carrying amount as restated at 1 April 2018
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities				
Receipts in advance, other payables and accruals	*(a)*	(983,888)	326,261	(657,627)
Contract liabilities	*(a)*	–	(326,261)	(326,261)

Note:

(a) Advances from customers of HK$326,261,000 in respect of sales of properties and previously included in receipts in advance, other payables and accruals were reclassified to contract liabilities.

Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 March 2019 as a result of the adoption of HKFRS 15 on 1 April 2018

The following table summarises the estimated impact of applying HKFRS 15 on the consolidated statement of financial position at 31 March 2019.

Impact on the consolidated statement of financial position at 31 March 2019

	As reported	Impacts of adopting HKFRS 15	Amounts excluding impacts of adopting HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Receipts in advance, other payables and accruals	(615,506)	(176,019)	(791,525)
Contract liabilities	(176,019)	176,019	–

HKFRS 9 Financial instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Group has applied HKFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 April 2018) in accordance with the transition provisions under HKFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application, where appropriate, are recognised in accumulated losses as at 1 April 2018.

The Group's accounting policies for the classification and measurement of financial instruments and the impairment of financial assets are disclosed in detail in the annual report.

Classification and measurement of financial instruments

The directors of the Company reviewed and assessed the Group's existing financial assets and liabilities as at 1 April 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of HKFRS 9 has had the following impact on the Group's financial assets and liabilities as regards their classification and measurement:

The Group's equity investment amounting to HK$2,724,000 was previously classified as an available-for-sale ("AFS") investment. It qualified for designation as at FVTOCI under HKFRS 9 and thus, the Group has elected this option as it is held for medium or long term strategic purpose. It follows that the fair value gains or losses in respect of the equity investment will no longer be subsequently reclassified to profit or loss upon derecognition. Upon initial application of HKFRS 9, the directors of the Company assessed that the fair value of the unlisted equity investments approximated the carrying amounts and therefore no adjustment was made to the carrying amount and opening accumulated losses at 1 April 2018.

All other financial assets and financial liabilities that are within the scope of HKFRS 9 continue to be measured at amortised cost as were previously measured under HKAS 39.

Loss allowance for expected credit losses ("ECL")

The adoption of HKFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss model with a forward-looking ECL approach. As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirement of HKFRS 9.

The ECL allowance is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Group has applied the simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Deposits and other receivables are assessed for impairment based on 12-month expected credit losses: 12-month ECLs are the portion of lifetime ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the asset is less than 12 months).

It is concluded that, as at 1 April 2018, no additional credit loss allowance has been recognised against retained earnings as the estimated allowance under the ECL model were not significantly different to the impairment losses previously recognised under HKAS 39.

Amendments to HKAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

At the date of initial application, the Group assessed the classification of certain properties based on conditions existed at that date, there is no impact to the classification at 1 April 2018.

3. OPERATING SEGMENT INFORMATION

Over 90% of the Group's revenue, expenses, assets and liabilities are generated from the Group's property development and investment projects in Changsha, Hunan Province (the "Changsha Project"), Qinhuangdao of Hebei Province (the "Qinhuangdao Project") and Ningxia, Yinchuan City (the "Ningxia 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 and financial position of the Group as a whole, as the Group's resources are integrated and no other discrete operating segment information is provided to the chief operation decision maker. As much, no segment information is presented.

Accordingly, the chief executive officer is of the opinion that the Changsha Project, Qinhuangdao Project and Ningxia 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 (2018: Nil).

4. REVENUE

Disaggregation of revenue from contracts with customers

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

	2019	2018
	HK$'000	*HK$'000*
Types of good and service under HKFRS 15 (the amounts for the year ended 31 March 2018 were recognised under HKAS 18 and related interpretations)		
– Sales of properties	**235,062**	149,102
– Management fee income	**20,379**	19,609
Total revenue from contracts with customers	**255,441**	168,711
Revenue from other source		
– Gross rental income	**28,743**	26,627
	284,184	195,338

	2019
	HK$'000
Timing of revenue recognition	
At a point in time	235,062
Over time	20,379
Total revenue from contracts with customers	255,441

5. FINANCE COSTS

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

	2019	2018
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**225,960**	233,438
Interest on notes payable	**8,784**	7,251
Less: Amount capitalised in the cost of qualifying assets	**(96,743)**	(75,515)
	138,001	165,174

6. LOSS BEFORE TAX

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

		2019	2018
		HK$'000	*HK$'000*
(a)	Staff costs:		
	Salaries, wages and other benefits	**29,315**	20,865
	Contributions to defined contribution retirement plans	**3,123**	2,645
		32,438	23,510
(b)	Other items:		
	Cost of inventories recognised as expenses#	**259,086**	146,852
	Impairment loss recognised in respect of completed properties held for sales#	**35,604**	–
	Loss on disposal of property, plant and equipment*	**–**	45
	Depreciation of property, plant and equipment*	**3,425**	2,878
	Reversal of provision for compensation*	**–**	(545)
	Amortisation of prepaid land lease payments*	**18,404**	24,508
	Auditors' remuneration*	**1,350**	1,280
	Direct operating expenses incurred for investment properties that generated rental income during the year#	**7,321**	8,023
	Minimum lease payments under operating leases in respect of land and buildings*	**1,906**	1,899

\# *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.*

7. 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% (2018: 25%).

No provision for Hong Kong profits tax has been made for the year ended 31 March 2019 as the Group did not generate any assessable profits arising in Hong Kong during the year (2018: Nil).

Land appreciation tax in the PRC is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including cost of land use rights, borrowing costs and all property development expenditures.

8. LOSS PER SHARE

(a) Basic loss per share

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

	2019	2018
	HK$'000	*HK$'000*
Loss attributable to owners of the Company	**(268,297)**	(391,630)

	2019	2018
Weighted average number of ordinary shares (basic)	**23,336,687,255**	14,048,679,656

(b) Diluted loss per share

For the year ended 31 March 2018, diluted loss per share does not include the effect of the notes payable since the assumed conversion had an anti-dilutive effect on the basic loss per share.

For the year ended 31 March 2019, basic loss per share is the same as diluted loss per share as there are no potential ordinary shares outstanding for the year.

9. DIVIDENDS

The directors of the Company do not recommend the payment of any dividends in respect of the year ended 31 March 2019 (2018: Nil).

10. INVENTORIES

	2019	2018
	HK$'000	*HK$'000*
Finished goods – fashion wears and accessories	**–**	–

11. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Rental receivables	**1,128**	1,288
Rental recognised using the straight-line method	**13,831**	11,928
Total	**14,959**	13,216

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:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**234**	352
More than one year	**894**	936
	1,128	1,288

12. 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:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**520,324**	415,192
One to two years	**127,345**	875
Over two years	**53,715**	56,847
	701,384	472,914

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2019		2018	
	Contractual interest	***HK$'000***	Contractual interest	*HK$'000*
Current				
Bank loans – secured *(note a)*	**8%-10%**	**1,107,510**	8%	118,560
Bank loans – unsecured	**6.53%**	**11,658**	5.66%	14,976
Other loans – secured *(note b)*	**11%**	**34,974**	11%	37,440
Other loans – unsecured	**6.4%-36%**	**38,677**	6.4%	3,494
		1,192,819		174,470
Non-current				
Bank loans – secured		**–**	8-10%	1,067,040
Other loans – secured *(note b)*	**11%-11.5%**	**279,792**	11%	299,520
		279,792		1,366,560

	2019		2018	
	Contractual interest	***HK$'000***	Contractual interest	*HK$'000*
Analysed into:				
Bank loans repayable based on scheduled repayment dates in loan agreements:				
Within one year		**1,119,168**		133,536
In the second year		**–**		118,560
In the third to fifth years		**–**		948,480
		1,119,168		1,200,576
Other loans repayable based on scheduled repayment dates in loan agreements:				
Within one year		**73,651**		40,934
In the second year		**279,792**		299,520
		353,443		340,454

Notes:

(a) During the year ended 31 March 2019, in respect of bank borrowings with a carrying amount of RMB950,000,000 (equivalent to approximately HK$1,107,510,000) as at 31 March 2019, the Group breached the repayment terms of which RMB95,000,000 was in default since December 2018. Pursuant to the terms of the loan agreement, the bank had a discretionary right to demand immediate full repayment of the outstanding principal of RMB950,000,000 together with any unpaid interest. The directors of the Company had commenced negotiation of the repayment terms of the loan with the relevant banker since then. Up to the date of this announcement, those negotiations are still in progress and had not been concluded. However, the Group had obtained an indication from the bank that the aggregate principal and interest will be extended to June 2022. The directors of the Company are confident that their negotiations with the banker will ultimately reach a successful conclusion.

(b) Subsequent to the end of the reporting period, in respect of an other borrowing with a carrying amount of RMB270,000,000 (equivalent to approximately HK$314,766,000) as at 31 March 2019, the Group breached the repayment term of which RMB30,000,000 was in default since April 2019. On 24 June 2019, the Group entered into a supplementary agreement with the lender to extend the repayment term of the entire outstanding principal of RMB270,000,000 and accrued interest of RMB8,745,000 (equivalent to approximately HK$10,195,000) to June 2022.

EXTRACT FROM INDEPENDENT AUDITORS' REPORT

The auditor's opinion on the Group's financial statements for the year ended 31 March 2019 is as follows:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Multiple Uncertainties Relating to Going Concern

As described in note 2.1 to the consolidated financial statements, the Group reported net loss of approximately HK$268,297,000 for the year ended 31 March 2019 and as at 31 March 2019, the Group had net current liabilities of approximately HK$831,156,000, which included principals and interest payables of the Group's certain bank borrowings and notes payable that are in default and therefore the lenders have the right to demand immediate repayment of the entire outstanding balances as at 31 March 2019. Details are set out in notes 2.1 to the consolidated financial statements. As at the same date, the Group's cash and cash equivalents amounted to approximately HK$75,114,000. These conditions, together with other matters as described in note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate the delayed payments which are set out in note 2.1 to the consolidated financial statements, including the repayment of defaulted interest before the date of this report. In addition, the Group has been in active negotiation with the bank and notes holder for the renewal or extension of the repayment terms of the outstanding principals and accrued interests.

The consolidated financial statements had been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) the successful renewal or extension of the repayment terms of the outstanding principals and interests of the bank borrowings and notes payable, (ii) the successful acceleration of pre-sales and sales of properties under development and speeding up the collection of sales proceeds and (iii) continuous financial support from the related parties. Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the "Board") of directors (the "Directors") of Richly Field China Development Limited (the "Company") hereby present the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2019 (the "Year").

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 chateaux), development of high-end residential properties as well as property management.

During the Year, the Group recorded revenue from sales of properties of approximately HK$235,062,000, gross rental income of approximately HK$28,743,000 and management fee income of approximately HK$20,379,000, mainly attributable to the Changsha Outlets Project, which is a comprehensive project comprising the "Globe Outlets" (commercial) and "Outlets Town" (residential) developed by the Group in Changsha, Hunan Province, the People's Republic of China (the "PRC"), and the JeShing European City Project which is a comprehensive project comprising "建材樓", "家居樓" and "太平商場" (commercial) and Jin Sheng Yue Jing (residential) developed by the Group in Yinchuan, Ningxia Hui Autonomous Region, the PRC, together with the Qinhuangdao Venice-the City of Water Outsets Project which is a comprehensive project developed by the Group in BeiDaiHe new district, Qinhuangdao, Hebei, the PRC, all together.

As for financing aspect, the Group entered into 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 December 2016. The total principal amount of RMB300,000,000 (equivalent to approximately HK$349,740,000) 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 1"), had been utilised as at 31 March 2019. During the Year, the Group had signed extension agreement to extend the repayment date to December 2020.

During the Year, the Group entered into a renewal loan agreement with related parties, JeShing Real Estate Group Company Limited*（金盛置業投資集團有限公司）, 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$351,838,000) for a term of 21 months at an interest rate range of 5.7%-6.19% per annum which was secured by the pledge of certain of the Group's assets (the "Other Loan 2"), which had been utilised as at 31 March 2019.

In 2017, the Group entered into loan agreements with a bank, 華融（中國）投資管理有限公司 in relation to the loan facility in the total principal amount of RMB950,000,000 (equivalent to approximately HK$1,107,510,000) for a term of 5 years at an interest rate range of 8%-10% per annum which was secured by the pledge of certain of the Group's assets (the "Other Loan 3"), which had been utilised as at 31 March 2019. As at 31 March 2019, the Group breached the repayment terms of which RMB95,000,000 (equivalent to approximately HK$110,751,000) was in default since December 2018. Pursuant to the terms of the loan agreement, the bank had a discretionary right to demand immediate full repayment of the outstanding principal of RMB950,000,000 together with any unpaid interest. The directors of the Company had commenced negotiation of the repayment terms of the loan with the relevant banker since then. Up to the date of this announcement, those negotiations are still in progress and had not been concluded. However, the Group had obtained an indication from the bank that the aggregate principal and interest will be extended to June 2022. The directors of the Company are confident that their negotiations with the lender will ultimately reach a successful conclusion.

During the Year, the Group entered into a revolving loan facility agreement with JeShing Real Estate Group Company Limited, in relation to an unsecured loan facility in the total principal amount of RMB1,000,000,000 (equivalent to approximately HK$1,165,800,000) for a term of 21 months at an interest rate of 5% per annum (the "Other Loan 4"), and RMB52,765,000 (equivalent to approximately HK$61,513,000) had been utilised as at 31 March 2019.

During the year, the Group entered a supplemental loan agreement with a financial institution, 中國華融資產管理股份有限公司湖南省分公司. The outstanding principal amount of RMB270,000,000 (equivalent to approximately HK$314,766,000) for an extension of 2 years at an interest rate range of 11%-11.5% per annum which was secured by the pledge of certain of the Group's assets (the "Other Loan 5"), had been utilised as at 31 March 2019. Subsequent to the end of reporting period, a supplemental agreement of further extension to June 2022 was obtained.

Subsequent to the expiry of conversion rights on 31 December 2017, convertible notes previously issued to a former substantial shareholder with the carrying amount of approximately HK$93,471,000 was still outstanding as of 31 March 2019. During the year ended 31 March 2019, the Group have taken proactive actions to liaise with the notes holder and his authorized representative in relation to the settlement of the outstanding principal and accrued interest of notes payable. In July 2018, the Company proposed to the notes holder to extend the maturity date to September 2018 but no formal replied was heard to confirm the notes holder's acceptance. On 15 August 2018, the Group has repaid RMB3,000,000 to the notes holder in relation to the notes payable. During December 2018, the Group was involved in another discussion with the notes holder and his legal advisor in relation to a settlement arrangement for the full settlement of the outstanding principal and accrued interest of notes payable. However, such negotiation has not been finalized and the Group is still endeavouring to reach a mutually agreeable settlement arrangement with the notes holder and his legal advisor.

These helped the Group to replenish cash flow.

PROJECTS OVERVIEW

Changsha Outlets Project

As the first grand project of the Group, the Outlets Project, which is located in Changsha Wangcheng National Economic and Technological Development Zone, pioneered in launching the special "residential + commercial" product mix, with an aim to build its market brand as a featured real estate developer by providing comprehensive products catering to every daily needs. The project covers an area of 1,500 mu, which is planned to be developed into 500 mu of commercial space and 1,000 mu of residential space respectively. For the residential portion "Outlets Town", the Company makes a brilliant move by capitalising on the indigenous ecology of the wetland park where the project locates. Specially designed as a high-class low-density residential community in Spanish style, the project is surrounded with flowing water designed to nourish residents' minds with quality lifestyle.

Changsha Residential Project – Outlets Town and Outlets City

Properties of the project primarily include high-quality detached and semi-detached houses, townhouses, bungalows and high-rise buildings surrounded by verdant plants along with well-designed streams and bridges, with a super-low plot ratio. After years of development, Outlets Town has taken shape and is ready to rise as a grant community. It outperforms other nearby property projects in terms of appearance, quality, unit layout and comfort. In particular, the greenery and landscape design is the highlight of the project, which offers five theme gardens and a green space ratio of 40%, creating abundant oxygen by plenty of plants.

During the Year, the Group commenced new round of development of Outlets Town under the brand-new promotion name of "Outlets City". The planned gross floor area of the new round of development is approximately 240,000 sq.m., planned to be developed into 37 high-quality 10/11-storey slab-type bungalows and one separate building for a bilingual kindergarten. The Group successfully obtained the planning permit for the new development on 30 May 2018, and obtained the construction work commencement permit on 13 September 2018. While handling the preconstruction procedures, the Group also propelled construction progress of the project. On 20 December 2018, the Group obtained pre-sale permits for the first five buildings, and obtained pre-sale permit for another building on 15 February 2019. As at the date of this announcement, the Group has successfully obtained pre-sale permits for four more buildings on 12 June 2019. Meanwhile, the Group also made great efforts to push forward the construction progress of other buildings to achieve rolling development.

Furthermore, Wangcheng Nanya School (望城南雅學校), a nine-year compulsory education school that will settle in the project, has obtained the construction work planning permit on 8 January 2019 and has completed the review and filing procedures for the construction drawing on 3 April 2019. Currently, the Group is coordinating with the competent government authorities to carry out quality and safety inspection, so as to push ahead the construction progress, aiming to realise official enrollment in September 2019. Meanwhile, the marketing team is sparing no effort in securing potential customers and sales, and maintaining constant and sound cooperation with major media partners to push information about the Company's products on print media, outdoor media, radio stations and We-Media platforms from time to time to ensure that customers stay up-to-date with the Company's latest marketing activities.

The properties for sale were sold out as soon as they were launched and received overwhelming response from the market, which was attributable to the favourable advantages of Outlets City: as to the geographical location, the project is located in the district where Changsha West High-speed Railway Station is to be built as proposed in the development plan of Changsha Wangcheng National Economic and Technological Development Zone, which is viewed as the new core development area of Changsha City and certainly means great potential for development; on the transportation front, the "six-in-one" transportation mode has formed a sound and efficient transportation network, providing convenient traffic access; from the auxiliary facilities perspective, the Globe Outlets with an area of 500 mu is located on the north of the project, providing not only quality amenities and also offering an opportunity for value appreciation driven by the commercial street; and as to educational resources, Nanya School operated by Yale-China (雅禮), an education group with a history of one hundred years, provides sophisticated education concept, outstanding team of teachers and excellent school spirit, enabling children to receive first-class education just at home. In addition, with unique geographical advantages, the project is adjacent to the Maqiaohe Wetland Park (馬橋河濕地公園) which takes a site area of 150,000 sq.m., offering the residents an exclusive view of spectacular natural scenery. Five theme gardens are planned to be developed within Outlets City which combines the strong essence of the Rhine and the functionality of dwelling and living, creating abundant oxygen by plenty of plants. The project offers bungalows at the unit price of over RMB5,000 per square meter with the minimal down payment of RMB128,000, which is very favourable in Changsha City and caters to the needs of buyers with rigid demand. As the new supply of properties is to be launched soon, and driven by the commencement of operation of Changsha Metro Line 4, the project is expected to embrace new development opportunities.

Changsha Property Management Services

As a real estate developer with a strong sense of social responsibility, and to further diversify and integrate the Group's businesses, on 20 April 2011, the Company established Changsha Richly Field Outlets Property Management Limited*（長沙裕田奧萊物業管理有限公司）as a wholly-owned subsidiary to provide professional property management services for the Changsha Outlets Project which has been put in operation. In order to ensure service quality and enhance service awareness of staff, the Group organised professional training on manners and etiquette, fire safety, operational safety, and engineering and maintenance from time to time. As a result, employees are able to improve their professional capabilities and service quality and help property owners solve their problems on a timely basis to effectively eliminate the concerns of owners and business partners. In addition, the Group intends to develop professional and duplicable service teams through actual practice, with an aim of applying effective property management models to other project sectors of the Group that are about to be put into operation. In May 2018, the Group established a property branch company in Qinhuangdao to provide mature and reliable property services for Qinhuangdao Project. The well-established community accompanied by excellent property management service has strengthened the reputation of the Group as an integrated property developer.

Changsha Commercial Properties

During the reporting period, Globe Outlets, the commercial complex in the Changsha Outlets Project with a developed area of nearly 100,000 sq.m., has attracted numbers of loyal partners and customers by providing European and American-style block-type shopping experience, spacious green parks with perfect combination of greenery landscape and natural scenery, a portfolio of domestic and internationally renowned brands, sound amenities as well as favourable and flexible business terms. Globe Outlets recorded increase in sales and achieved constant improvement in operation management since the commencement of operation in 2014, developing an increasingly strong business atmosphere and establishing its own brand awareness. At the same time, residential projects nearby have become more appealing to buyers due to increase in commercial value, which in turn drove up sales of our residential projects, and also increased popularity of the Group's projects and secured purchasing power.

With respect to business development, the business development team of the Group participated in external learning from time to time to study the success of professional operation teams. Through learning other operators' strengths to enhance our own projects, the team customized business development targets and strategies based on local conditions suitable for our own demands, with the view of offering unique and outstanding products. In addition, through effective market research and systematic analysis on historical sales, the Group combined the spending power analysis of the target customers of the Group to constantly adjust, supplement and optimise the brand portfolio with an aim of maximizing profit with the best brand portfolio. In particular, the Group placed great importance to introducing strategic partners. It sought to attract key brands with cooperative terms that brought mutual benefits, expecting to boost overall sales by contribution of those key brands which was able to secure steady visits. The Group also valued the cooperation after our brand partners settled in. For example, it supported brand owners in staff recruitment, venue leasing and event planning, so that they could launch large-scale promotion campaign during major holidays and festivals or in connection with social hot spots. Through such initiatives, the Group not only established stable and healthy cooperation with brand owners, but also garnered their trust and recommendation for future business solicitation.

Despite the challenges faced by the traditional retail industry with the emergence of online shopping trend, the real economy is expected to gain a foothold in the fierce e-commerce competition due to our social attribute. In view of this, during the reporting period, Global Outlets continued to give priority to the introduction of participation- and experience-based offerings such as chain kindergartens, supermarkets, gymnasium, temperature-controlled indoor swimming pool and children's water park to diversify the product portfolio instead of focusing greatly on fashion retail segment and increase customers seeking for experience-emphasized visits, so as to boost popularity of the mall. During the reporting period, Global Outlets joined hands with the Tourism Bureau under the government of Wangcheng District to create a demonstration district with distinct tourism feature – Wangcheng Leifeng Tourism Spot (“望城雷鋒旅遊驛站”) by establishing the self-driving tour service system, with an aim to develop Global Outlets into a tourism destination of the district by leveraging on the government resources. Globe Outlets, being the business segment that continuously replenishes cash flow of the Group, is expected to drive the sales of commercial and residential properties and Latitude through promotion activities, thereby strengthening the brand feature of “residential + commercial” of the Group. On the marketing front, the Group utilized the location and geographical advantages that were incomparable to other commercial projects in a flexible manner. Taking advantage of the unique geographical location, openness and independence of Globe Outlets, the Group organised a string of large-scale promotional cooperation activities highlighting the special features of Globe Outlets such as “All-people Marathon Race of Global Outlets (環奧全民馬拉松比賽)”, “Children's Balance Car Parent-child Competition (兒童平衡車親子挑戰賽)”, “Light and Food Show (萬人燈光美食節)”, “All-people Battleground Mobile Game Contest (全民競技手遊吃雞大賽)”, “Fourth Anniversary of Globe Outlets (環球奧萊四周年店慶)”, “Joining Fuwa in the Lantern Festival Carnival (元宵福娃“鬧”廟會)”, “3.15 Campaign on the Theme of ‘Integrity and Win-win’ (3.15主題‘誠信天下共贏未來’)” and “Art Performance Hosted by Children's Art School (少兒藝校表演)”, and, through which, the Group offered a unique shopping experience only available in Globe Outlets by the comprehensive integration of internal and external marketing resources.

Qinhuangdao Venice-City of Water Outlets Project

Qinhuangdao Outlets Real Estate Company Limited*（秦皇島奧特萊斯置業有限公司）has become an indirect wholly-owned subsidiary of the Group as a result of the acquisition of King Future Limited. Developed by the company and located in the core area of International Healthy City, Beidaihe New District, Qinhuangdao, the Qinhuangdao Venice-City of Water Outlets Project is positioned as a large coastal shopping, tourism and healthcare resort complex with outlets commerce as the major operation, integrated with high-end hot spring resort hotels, high-end hospitals, health preservation and elderly care, cultural and entertainment activities, and recreational resorts ("Qinhuangdao Venice-City of Water Outlets Project").

The design of the Qinhuangdao Venice-City of Water Outlets Project is in compliance with the general urban planning as determined for the International Healthy City. The detailed regulatory plan and the detailed construction plan for Phase 1 of the project have been reviewed and authorised by the planning committee of the municipal government. The construction work planning permit for Phase 1 (ABC sections) has been obtained on 6 February 2018 while the construction work commencement permit for Phase 1 (ABC sections) has been obtained on 22 May 2018. Besides, the Company obtained the construction work commencement permit for the exhibition center of Phase 1 on 15 November 2017. As the construction works continued to progress, the Group obtained the pre-sale permits for the first 59 resort villas on 10 January 2019.

Phase 1 of the Qinhuangdao Venice-City of Water Outlets Project covers an area of approximately 230,000 sq.m., which is planned to be developed into outlets business (including Latitude Space), a health preservation hotel, resort villas and an exhibition center, along with supporting landscape. During the reporting period, the exhibition center has been put into operation, and pre-sale of the resort villas of Phase 1 has commenced. The outlets business, which covers an area of about 70,000 sq.m., is undergoing main-body construction with the primary structure of 19 buildings capped and the remaining 12 buildings to be capped soon. Latitude Space, an indoor trampoline park, is undergoing foundation construction, and the underground structure was completed. In relation to the health preservation hotel, Qinhuangdao Outlets Real Estate Company Limited has entered into an indicative strategic cooperation agreement with Nanjing Jinling Hotel（南京金陵酒店）in 2017, and submitted to the competent authorities the development plan in connection therewith in early October 2018 pending for adjustment and approval. Construction of the hotel is expected to commence in 2019. A total of 189 resort villas with designed courtyard have been planned in one-storey, two-storey or three-storey duplexes, among which, 129 villas are capped after completion of the main body construction and undergoing onsite backfilling and construction of the second structure. The design plan for the entrances and exits of the project, clock tower and St. Mark's Square has been approved by the Planning Bureau of Beidaihe New District, and the construction work is in progress.

Yinchuan Project

Yinchuan Residential Properties

Ningxia Jinguan Property Investment Co. Ltd.*（寧夏金冠投資置業有限公司）("Ningxia Jinguan") is a wholly-owned subsidiary of the Company whose entire equity interest was acquired by the Company from a connected person in February 2018. Ningxia Jinguan is principally engaged in property development and management and home furnishing. It owns the property named "JeShing European City（金盛歐洲城）". The JeShing European City comprises five parcels of land with a total site area of approximately 133,300 sq.m. and a residential and commercial complex which is currently being constructed thereon ("Yinchuan Project").

In respect of residential portion, "Jin Sheng Yue Jing（金盛閱景）" project is to be developed into slab-type residential properties delivering distinctive scenery and educational resources in 3 phases with a site area of approximately 120 mu and a planned gross floor area of 221,000 sq.m. Leveraging on the surrounding resources such as banks, medical institutes, educational institutions, department stores and supermarkets, entertainment facilities and restaurants as well as its own lifestyle amenities and building materials stores, the project aims to create a comfortable and convenient living environment.

Phase 1 and 2 of Jin Sheng Yue Jing have entered the inspection stage and are scheduled to be delivered on 30 June 2019. The planned gross floor area of Phase 3 is approximately 140,000 sq.m., which is planned to be developed into 14 sophisticated 11/18-storey high-rise buildings. During the reporting period, the Group obtained great support from the local government in the development and construction of Jin Sheng Yue Jing project, and has successfully completed the preliminary development formalities for Phase 3 of the project. Ningxia Jinguan obtained the construction work planning permit for Phase 3 on 15 May 2018, and obtained the construction work commencement permit for 14 residential buildings and underground car parking lot of Phase 3 on 28 April 2019. Currently, Phase 3 is undergoing foundation construction and fire safety design filing, and the Group is preparing documents required for application of the pre-sale permits.

Yinchuan Commercial Properties

In respect of commercial portion, with an occupation rate of 97%, the high-end building materials stores with an area of 40,000 sq.m. and premium furniture stores with an area of 30,000 sq.m. are principally engaged in trading of building and decoration materials, such as ceramics, sanitary ware, flooring, stairs, doors and windows, cupboards, lamps, wall paper, bedroom, sofas, suites and other furniture. During the reporting period, the company introduced a large-scale indoor trampoline park and completed business investment of the blackwood furniture store with an area of 3,000 sq.m., further enriching the existing product portfolio of the commercial project.

During the reporting period, the Group joined hands with brand partners to host a number of large alliance marketing events, such as “Internal Purchasing Fair of Zhujia Alliance（築家聯盟內購會）”, “Linghang Alliance Exhibition of Major Materials for Building and Decoration（領航聯盟建材家居主材展）”, “Golden Night Dinner Party of Brand Alliance（品牌聯盟黃金夜宴）”, “JeShing 630 Massive Discount for Yinchuan（金盛630 • 放價大銀川）”, “Jostle for the C Position among Big Decoration Material Brands （C位爭奪戰•大牌家居匯）”, and “JeShing Promotion Campaign (5動全城•金盛鉅惠）”. These events attracted tremendous attention to the mall, precisely targeted perspective customers, and provided incentive for alliance stores to cooperate. Furthermore, Yinchuan Project capitalized its brand recognition and influence to host a large autumn job fair in active collaboration with the government. The job fair provided over 1,000 jobs in total, fulfilling the Company’s operating philosophy of “what comes from the people should be used for the people” and making contribution to local poverty alleviation as a responsible corporation.

ASSOCIATED COMPANIES

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

Huailai Project

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*（懷來大一葡萄酒莊園有限公司）, 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.

Changchun Project

Globe Outlet Town (Jilin) Limited（吉林奧特萊斯世界名牌折扣城有限公司）(“Jilin Company”), a 42%-owned associated company of the Company, obtained land use rights for a piece of land with an area of 443 mu for commercial and residential purposes in Shuangyang District, Changchun City, Jilin Province in April 2016. Upon extensive careful and detailed market research, it is found 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, Jilin Company plans to develop its project in Shuangyang District, Changchun 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.

Phase 1 of Jilin Project covers an area of approximately 443 mu. Jilin Company intends to initially develop the C3 lot of the land, which covers an area of approximately 74 mu with plot ratio of 1.49 and a green rate of 30.81%, by planning and building it into a multi-storey high-end residential community with planned gross floor area of approximately 105,000 sq.m. with hot spring directly accessible to individual unit. For this purpose, Jilin Company actively completed various development formalities, and obtained construction work planning permit in April 2018 and construction work commencement permit in October 2018.

During the reporting period, the groundbreaking ceremony of the initial construction of Jilin Project has been completed, and the excavation and piling test works are underway. Due to the special geographic condition of Changchun, the effective working period ends in early November every year. To ensure the project progress is advanced in an efficient manner, Jilin Project is planned to complete the excavation work for the basement (with 1.5 meters of frozen soil layer reserved) and 50% of 719 piles construction before winter of 2018. As at 31 March 2019, Jilin Project has completed the plan set at the beginning of the Year, and the 719 piles construction has been completed in advance.

Financial Review

During the Year, the Group recorded a total revenue of HK$284,184,000 representing a 45.5% increase as compared to HK$195,338,000 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 approximately HK$235,062,000 compared to HK$149,102,000 for the Corresponding Year. Gross rental income of approximately HK$28,743,000 for the Year compared to HK$26,627,000 for the Corresponding Year, from the leasing rental income. Management fee income received of approximately HK$20,379,000 for the Year compared to HK$19,609,000 for the Corresponding Year.

The loss attributable to equity holders amounted to HK$268,297,000 representing a 31.5% decrease as compared to HK$391,630,000 in the Corresponding Year. The loss per share for the Year was HK$1.15 cents as compared to HK$2.79 cents for the Corresponding Year.

Significant Investments

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

Liquidity and Financial Resources

The Group mainly finances its business operations mainly with its internal resources and loan facilities from banks, financial institutions and related parties. As at 31 March 2019, the Group had cash and bank balances of HK$75,114,000 (2018: HK$14,848,000). The Group's current ratio (measured as total current assets to total current liabilities) was 0.72 times (2018: 1.31 times). The decrease in the current ratio was mainly due to the decrease in prepayment, deposits and other receivables and increase in interest-bearing bank and other borrowings. As at 31 March 2019, the secured and unsecured interest-bearing bank and other borrowings and notes payable of the Group amounted to HK$1,422,276,000 (2018: HK$1,522,560,000) and HK$50,335,000 (2018: HK$18,470,000) and HK$93,471,000 (2018: HK$88,114,000), respectively. The gearing ratio, which is calculated as a percentage of net debt to total equity, was 407% (2018: 240%). The increase was mainly due to the decrease of prepayment, deposits and other receivables and the increase of trade payables.

Pledge of Assets

As at 31 March 2019, property interest held by the Group with net carrying amount of HK$2,316,791,000 (31 March 2018: HK$1,922,292,000) were pledged to banks and a financial institution.

Foreign Exchange Exposures

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

Commitments

As at 31 March 2019, the Group's budgeted costs to completion of its property projects classified as non-current assets amounted to approximately HK$690,926,000 (31 March 2018: HK$760,698,000).

Subsequent Event

Subsequent to the end of the reporting period, in respect of an other borrowing with a carrying amount of RMB270,000,000 (equivalent to approximately HK$314,766,000) as at 31 March 2019, the Group breached the repayment term of which RMB30,000,000 was in default since April 2019. On 24 June 2019, the Group entered into a supplementary agreement with the lender to extend the repayment term of the entire outstanding principal of RMB270,000,000 and accrued interest of RMB8,745,000 (equivalent to approximately HK$10,195,000) to June 2022.

Employees and Remuneration Policy

As at 31 March 2019, the Group employed a total of 272 employees (excluding Directors), as compared to 266 employees (excluding Directors) as at 31 March 2018. The Group remunerates its employees based on their performance, working experience and prevailing market parameters. Employee benefits include pension insurance fund, medical insurance coverage, unemployment insurance fund, occupational injury insurance fund, maternity insurance fund, housing provident fund and mandatory provident fund (for Hong Kong employees).

Prospect and Outlook

In 2018, changes in the central government's regulatory policies for the real estate market demonstrated the shift from tightly-controlling to more relaxed in three phases, including the policy of "houses are for people to live in but is not for speculation", the determination to "resolutely curb the rise in housing prices" and the requirement of "stabilizing land prices, housing prices and expectations", which indicated the policy-making level's resolution to fully implement housing market regulation, to restore the purpose that housing is for people to live in and to curb the growth in real estate investment without restraint. With the position that "houses are for people to live in but is not for speculation" set by the central government and under the city-targeted policies and category-based regulations, local governments continued to escalate regulatory measures with over 450 policy releases recorded during the year, making the year the most intensive one in the history of property market in terms of intensity of policy.

In terms of local government policies, the local governments were determined to adhere to the objectives for regulating the real estate market unwaveringly and consistently for the first three quarters, including the continuous implementation of the "four tightening measures" (namely restrictions on purchasing, pricing, re-selling and lending), regulation of the property market and increase in the mortgage rate, etc., while there were signals indicating the loosening of the regulatory policy in the fourth quarter, with some cities including Guangzhou, Wuhan and Nanning partially uplifting restrictions on pricing and many cities lowering the increase in mortgage rate. In particular, Heze pioneered in loosening real estate regulation in 2018. Looking ahead, we are expected to witness a new round of regulation loosening in 2019. However, the main tone of policy that "houses are for people to live in but is not for speculation" and city-targeted policies will remain unchanged, and the majority of the third- and fourth-tier cities will continue to focus on destocking.

All of these policies indicate that the central government's resolution to curb the rising housing prices will remain unchanged. These regulatory measures are not a faint show, and the position that "houses are for people to live in but is not for speculation" is being further implemented in all aspects. Against the backdrop of overall tightened regulation, the measures tailored to different cities under the general real estate policies become more precise. From the perspective of policy orientation, differentiated regulation and assurance of the needs for reasonable house purchases remain the essence of the real estate regulation in future. The policy tools of local governments will be more diverse and integrated, shifting from administrative measures currently in effect as the main component towards integrated policy implementation to form a package of policy tools comprising financing, land, finance and taxation, housing security and market management, with the aim of stabilizing the land prices, housing prices and expectations to maintain the smooth operation of the real estate market.

While keeping the housing prices stabilized, the government will accelerate the establishment of a sound housing security system across cities and towns, provide support for the first- and second-tier cities as well as other special cities with large population inflows, increase the effective supply of housing for public tenancy or under common property rights, and step up the housing security for qualified new residents. On the other hand, the Ministry of Housing and Urban-Rural Development will accelerate the establishment of a monitoring system for the real estate market, improve the appraisal and assessment mechanism for the works done by local governments in relation to real estate regulation, intensify the supervision and hold accountable local governments that are not effective at work, fail to prevent substantial market volatility and fail to achieve regulatory objectives.

In terms of market performance, although the market comes under severe pressure in the short term, some property developers will continue to launch price reduction promotions successively, step up destocking and accelerate the recovery of funds. However, the overall real estate sales will remain promising in the future primarily attributable to the following factors: firstly, the offer of cash compensation to the residents affected by the renovation of shanty towns in the third- and fourth-tier cities will increase the purchase power of these residents; secondly, house purchases for panic concerns or investment purposes will increase as a result of rising housing prices; thirdly, the implementation of plans for clusters of city will increase the location value of central cities and peripheral cities, which will enhance the effect of population agglomeration. As more policies are introduced by the local governments, rise in housing prices is kept under control, and the progress in offer of cash compensation for the residents affected by the renovation of shanty towns slows down. Being affected by various factors, the real estate market cools down as a whole and market sales return to a rational level.

The stringent policies for the housing market are more professionally challenging to developers because it is impossible to establish a foothold with a single product model. Unlike traditional real estate developers, uniqueness is our most prominent feature. Whether "commercial + residential", "tourism + commercial", "real estate + healthcare" or "wineries + residential" models, they have all indicated that the Group is transforming its business aggressively and proceeding with a new diversified industrial complex in a flexible way, vowing to create its own brand features in the competitive housing market, to replace single product supply with auxiliary services complex and to stick to the development of high-end products to make sure its products are superior and competitive.

Leveraging the geographical resources advantages in the places where the projects are located and corresponding policy support, the Group has devoted itself to making the above featured product portfolio and increased product competitiveness and bargaining power by diversifying complementary resources for the major products, making its products distinguishable from many others. The diversified product portfolio presents both a challenge and an opportunity to the professional operating capability of the Group. The management believes that, by capitalizing on the Group's extensive industry experience accumulated over the years, the industrial background and resources support of the controlling group and the fit of products to market demand, the Group's featured residential products will definitely create a world of their own.

The reporting year marked a year of significant development for the Company. Blessed by the substantial land resources acquired in early stage, the Group is able to create unique project products catering to the needs of market in a flexible way. During the reporting period, the Group proceeded with the development agenda intensively and carried out an array of tasks that focused on sales and financing in order to accelerate asset realization. In particular, regarding Changsha Outlets Project, Qinhuangdao Outlets Project, Yinchuan Project and Changchun Project, appropriate government approvals for project establishment, planning permits, construction work commencement permits and pre-sale permits were already obtained for a new round of development plans for marketable products. The Group is also handling other preliminary development formalities and project construction for these projects simultaneously, striving to recover significant sales revenue during the year to assure cash flow for its business operations.

During the reporting period, the Group derived its operating income mainly from the Changsha Outlets Project and Yinchuan Project. In particular, the Changsha Outlets Project is situated in the core area of Xiangjiang New District, Changsha, Hunan, which has enormous potential and which is 8 kilometers away from the planned Changsha West High-Speed Railway Station, a comprehensive transportation hub integrating high-speed railway, subway, urban railway, tramcars, magnetically supported trains and urban public transportation. The high-speed railway station is expected to be completed and operate in 2022, which will then definitely expand the effective population coverage of the project. In addition, Changsha Metro Line 4 which is only 5 kilometers away from the project has fully opened to traffic during the reporting period, and a station along the planned extension of Line 4 will be established 800 meters away from the project, which no doubt are incredibly good news for the Group. The project is surrounded by a host of large enterprises, with over 500 domestic and foreign companies already running businesses in this area, including China Minmetals, Suntown Technology, Zoomlion Heavy Industry Science and Technology, Umicore from Belgium, Liebherr from Germany, Want-Want Group from Taiwan and Biostime Group. Supportive industry policies and well-established business environment provide unlimited possibilities for cross-sector alliance for the future development of the project as well as a stable and large consumer base. In addition, in Changsha as an emerging first-tier city, rapid growth draws a continuous inflow of people, and accordingly the demand for housing increases steadily. However, the housing prices remain relatively low amongst other provincial capital cities, suggesting that residents in the city have enormous potential purchase power, which provides assurance on the demand side for the Group's future development plans in the city.

Meanwhile, the Yinchuan Project, which was acquired at the end of February 2018 as a well-developed "commercial + residential" complex, has created its own brand appeal and has an extraordinary influence in the local area. Unlike the principal products under the Changsha Outlets Project, the Yinchuan Project features the combination of home decoration materials retailing and high-quality residential properties, thus having diversified the Group's sources of revenue. During the reporting period, the project continued to diversify brand partners and optimise brand portfolio for the commercial portion thereof. Leveraging the integrated and diversified business model of the commercial portion, it boosted the sales in the residential sector and actively pushed forward the progress in the development of Residential Phase 3, so as to seize the opportunities for sales in the second- and third-tier cities.

As for the commercial sectors of Changsha Commercial South Portion, Qinhuangdao and Changchun Projects which are to be developed subsequently, the Group is confident that it can replicate the standardised business models and business resources of Changsha Globe Outlets according to the local conditions and accelerate its strategic planning on a national scale. For the residential sector, the Group intends to capitalize on the instant popularity of Changsha Outlets Town to build up Richly Field's superior reputation as a high-end brand developer, thereby facilitating the development process for other projects with brand influence as well as attracting potential consumers for the project.

Moreover, the Australia-originated trampoline park business, in which the Group has made an equity investment, has commenced operation in Beijing, Changsha, Nanjing and Shanghai, with a second branch store opened in Beijing as well. In Qinhuangdao, property construction for the trampoline park is underway in full swing, followed by the location selection of new stores and business negotiations in Hangzhou and Nanjing. The market responded enthusiastically, with sales revenues surging repeatedly, which has diversified the Group's sources of revenue through multiple channels and improved the Group's cash flow. In the future, the Group is confident that this business will become bigger and stronger, and will make itself different from similar products in the market in terms of quality services and experience.

In addition, there is an increasing demand of residents for healthcare consumption as China currently has a rapidly aging population while the healthcare real estate sector is still in the early stage of development. The community healthcare market is taking shape gradually and the integration of healthcare services with the provision for the aged is becoming the future development trend. Healthcare service premises will extend from traditional large general hospitals to grassroots and residential communities, providing a broad platform as well as strong support and momentum for the cross-industry development of the real estate-based grand healthcare industry. The Company has a number of high-quality residential projects as well as property projects for the care of elderly people, which lays a solid foundation for the future model of "real estate + grand healthcare". Therefore, the Group will work out a plan for the healthcare business by combining its own competitive advantages so as to cater for customers' needs and enhance the brand value of the Group.

Meanwhile, the Group will monitor the latest market updates closely so as to make the first strike to seize any feasible opportunities for the acquisition of potential favourable projects. It will proactively adjust its business model as well to diversify its streams of income for maximising returns for shareholders.

FINAL DIVIDEND

The Board did not recommend payment of a final dividend for the Year (2018: Nil).

CORPORATE GOVERNANCE PRACTICES

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, the Company had deviated from code provision A.2.1 because the roles of Chairman of the Board and the Chief Executive Officer of the Company had been vested in the same persons, namely, Mr. Ma Jun until 31 January 2019 and Mr. Li Yi Feng since 31 January 2019. The reason for this deviation was that the Board believes that at the current development of the Group, vesting of the two roles in the same person provides the Company with strong and consistent leadership and facilitates the planning and execution of the Group's business strategies. The Board will review this structure periodically and will consider steps to separate dual roles of chairman and chief executive officer as and when appropriate taking into account the prevailing circumstances.

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 to 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, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE REVIEW

The audit committee of the Company has reviewed with the management the Group's consolidated financial results 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.richlyfieldchinagroup.com and the Stock Exchange's website at www.hkexnews.hk. The 2019 Annual Report will also be available on both websites and despatched to the Shareholders in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting ("AGM") will be held on Wednesday, 28 August 2019.

To ascertain the Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 22 August 2019 to Wednesday, 28 August 2019, both days inclusive, during which no transfer of Shares will be effected. In order to qualify for the entitlement to attend and vote at the AGM, all transfers of Shares accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Wednesday, 21 August 2019.

By Order of the Board
Richly Field China Development Limited
Li Yi Feng
Chairman and Chief Executive Officer

Hong Kong, 28 June 2019

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Li Yi Feng (Chairman) and Mr. Chen Wei (Vice President); and three independent non-executive Directors, namely Ms. Hsu Wai Man Helen, Mr. Wong Tak Chun and Mr. Xu Jinghong.

* *For identification purpose only*