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RICHLY FIELD

# RICHLY FIELD CHINA DEVELOPMENT LIMITED

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

**(stock code: 313)**

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2011

The board of directors (the "Board") of Richly Field China Development Limited (the "Company") announces the audited consolidated final results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2011 (the "Year") together with the comparative audited figures for year ended 31 March 2010, as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2011*

| | *Notes* | **2011** *HK$'000* | 2010 *HK$'000* |
|---|---|---|---|
| Turnover | *3* | – | 25,843 |
| Cost of sales | | – | (21,388) |
| Gross profit | | – | 4,455 |
| Other revenue | *3* | **177,946** | 2,900 |
| Gain on disposal of subsidiaries | | **6,481** | – |
| Gain on winding up of a subsidiary | | **1,179** | – |
| Selling expenses | | **(2,882)** | – |
| Administrative and other operating expenses | | **(52,036)** | (38,441) |
| Finance costs | *4* | – | – |
| Profit/(loss) before taxation | *6* | **130,688** | (31,086) |
| Income tax | *7* | **(36,454)** | (1,004) |
| Profit/(loss) for the year | | **94,234** | (32,090) |
| Attributable to: | | | |
| Owners of the Company | | **33,617** | (32,090) |
| Non-controlling interests | | **60,617** | – |
| | | **94,234** | (32,090) |
| Dividend | *8* | – | – |
| Earnings/(loss) per share | | | |
| – Basic | *9* | **0.4 cents** | (0.3) cents |
| – Diluted | *9* | **0.4 cents** | (0.3) cents |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2011*

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit/(loss) for the year | **94,234** | (32,090) |
| Other comprehensive income: | | |
| Exchange differences arising on translation of overseas operations | **19,312** | 230 |
| Total comprehensive income/(loss) for the year | **113,546** | (31,860) |
| Total comprehensive income/(loss) attributable to: | | |
| Owners of the Company | **43,664** | (31,860) |
| Non-controlling interests | **69,882** | – |
| | **113,546** | (31,860) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2011*

| | *Notes* | **2011** | 2010 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| **ASSETS AND LIABILITIES** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **6,619** | 4,624 |
| Investment properties | *10* | **390,466** | – |
| Interest in an associate | *11* | **22,976** | – |
| Provisional tax payment | | **–** | 18,040 |
| | | **420,061** | 22,664 |
| **Current assets** | | | |
| Properties under development for sale | *12* | **629,756** | 733,334 |
| Trade and other receivables | *13* | **218,359** | 15,425 |
| Cash and bank balances | | **339,587** | 244,057 |
| | | **1,187,702** | 992,816 |
| **Current liabilities** | | | |
| Trade and other payables | *14* | **309,993** | 365,229 |
| Tax payable | | **20,476** | 1,005 |
| | | **330,469** | 366,234 |
| **Net current assets** | | **857,233** | 626,582 |
| **Total assets less current liabilities** | | **1,277,294** | 649,246 |
| **Non-current liabilities** | | | |
| Bank loan, secured | *15* | **356,168** | – |
| Deferred income | *16* | **–** | 85,310 |
| **Net assets** | | **921,126** | 563,936 |
| **EQUITY** | | | |
| Share capital | | **444,044** | 444,044 |
| Reserves | | **181,695** | 119,892 |
| Equity attributable to owners of the Company | | **625,739** | 563,936 |
| Non-controlling interests | | **295,387** | – |
| **Total equity** | | **921,126** | 563,936 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2011*

### 1. Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include Hong Kong Accounting Standards ("HKASs") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. These 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 (the "Listing Rules"). The financial statements have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value.

### 2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied for the first time a number of new standards, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

| | |
|---|---|
| HKFRSs (Amendments) | Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 |
| HKFRSs (Amendments) | Improvements to HKFRSs issued in 2009 |
| HKAS 1 (Revised) | First-time Adoption of Hong Kong Financial Reporting Standard |
| HKFRS 1 (Amendments) | Additional Exemptions for First-time Adoption |
| HKFRS 2 (Amendments) | Group Cash-settled Share-based Payment Transactions |
| HKFRS 3 (Revised) | Business Combinations |
| HKFRS 5 (Amendments) | Non-current Assets Held for Sale and Discontinued Operations |
| HKAS 27 (Revised) | Consolidated and Separate Financial Statements |
| HKAS 32 (Amendments) | Classification of Rights Issues |
| HKAS 39 (Amendments) | Eligible Hedged Items |
| HK(IFRIC)-Int 17 | Distributions of Non-cash Assets to Owners |
| HK (Int) 4 (Revised) | Determination of the Length of Lease Term in respect of Hong Kong Land Leases |
| HK (Int) 5 | Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause |

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods except for the impact as described below.

HK (Int) 5 “Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause”

HK (Int) 5 clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time (‘repayment on demand clause’) should be classified by the borrower as current liabilities. The Group has applied HK (Int) 5 for the first time in the current year. HK (Int) 5 requires retrospective application. The application of HK (Int) 5 has not affected the classification of bank borrowings of the Group as at 31 March 2011 and 2010.

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

| | |
|---|---|
| HKFRSs (Amendments) | Improvements to HKFRSs issued in 2010 except for the amendments to HKFRS 3 (as revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1] |
| HKFRS 1 (Amendments) | Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[2] |
| HKFRS 7 (Amendments) | Disclosures – Transfers of Financial Assets[3] |
| HKFRS 9 | Financial Instruments[4] |
| HKAS 12 (Amendments) | Deferred Tax: Recovery of Underlying Assets[5] |
| HKAS 24 (Revised) | Related Party Disclosures[6] |
| HK(IFRIC)-Int 14 (Amendments) | Prepayments of Minimum Funding Requirement[6] |
| HK(IFRIC)-Int 19 | Extinguishing Financial Liabilities with Equity Instruments[2] |

1. Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2. Effective for annual periods beginning on or after 1 July 2010.
3. Effective for annual periods beginning on or after 1 July 2011.
4. Effective for annual periods beginning on or after 1 January 2013.
5. Effective for annual periods beginning on or after 1 January 2012.
6. Effective for annual periods beginning on or after 1 January 2011.

HKFRS 9 “Financial Instruments” introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of financial assets.

The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

## 3. Turnover and other revenue

The Group derived income from operation of construction and maintenance work in the People's Republic of China (the "PRC") in prior year. Turnover and other revenue are analysed as follows:

| | 2011 | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Turnover** | | |
| Construction and maintenance income | **–** | 25,843 |
| **Other revenue** | | |
| Interest income | **250** | 389 |
| Government grant (Note) | **174,347** | – |
| Exchange gain | **3,321** | – |
| Others | **28** | 2,511 |
| | **177,946** | 2,900 |

Note:

During the year ended 31 March 2010, Hunan Richly Field Outlets Real Estate Ltd ("Hunan Richly Field"), a subsidiary of the Group, was granted by 湖南望城經濟開發區管理委員會 (the "Committee") a subsidy of RMB150,000,000 (equivalent to approximately HK$174,347,000) (the "Government Grant'), of which RMB75 million was received in November 2009 and the remaining RMB75 million was received in November 2010.

The Group has accounted the Government Grant as deferred income both in the year ended 31 March 2010 and the six months ended 30 September 2010, treating that the deferred income shall be released to the consolidated statement of comprehensive income in accordance with the development progress of the property development project in Wangcheng, Hunan, the PRC.

Before the date of this announcement, Hunan Richly Field obtained a supplemental document (the "Supplemental Clarification") from the Committee dated 17 June 2011 which clarified the nature and conditions of the Government Grant. This Supplemental Clarification explicitly stated that (1) the Government Grant is a gift which was granted for the purpose of attracting Hunan Richly Field to situate at Hunan Wangcheng Economic Development Zone (the "Development Zone") for its business development; (2) the Government Grant is unconditional, one-off and irrevocable; (3) the Government Grant is non-refundable and Hunan Richly Field is not required to undertake any specific expenditure, obligation and responsibility; and (4) the payment of the Government Grant is made in accordance with the budgeted expenditure of the Development Zone, but not the development progress of Hunan Richly Field's project, and the Government Grant will not be changed or withdrawn because of the progress or result of the business development and operation by Hunan Richly Field.

Having considered the nature and conditions of the Government Grant as lately clarified by the Committee, the Government Grant of RMB150 million was recognised as other revenue for the year ended 31 March 2011.

## 4. Finance costs

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on bank borrowings | **16,026** | – |
| Less: Interest expense capitalised into properties under development for sale | **(6,641)** | – |
| Less: Interest expense capitalised into investment properties | **(9,385)** | – |
| | **–** | – |

The borrowing costs have been capitalised at a rate of 6.56% to 7.32% per annum (2010: Nil).

## 5. Segment information

Based on the regular internal financial information reported to the Group's board of directors, being the chief operating decision makers, for their decision about resources allocation to the Group's business components and review of these components' performance, the Group has identified three reportable operating segments as follows:

- property development;
- property management; and
- construction and maintenance.

*(i) Segment revenue and results*

The following is an analysis of the Group's revenue and results by reportable segment.

| **For the year ended 31 March 2011** | **Property development** | **Property management** | **Construction and maintenance** | **Elimination** | **Total** |
|---|---|---|---|---|---|
| | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** |
| **Segment revenue** | | | | | |
| Revenues from external parties | – | – | – | – | – |
| Inter-segment sales | – | **15,947** | – | **(15,947)** | – |
| | – | **15,947** | – | **(15,947)** | – |
| **Segment results** | **156,605** | **2,848** | **(4,818)** | – | **154,635** |
| Interest income | | | | | **250** |
| Other income | | | | | **3,658** |
| Gain on disposal of subsidiaries | | | | | **6,481** |
| Gain on winding up of a subsidiary | | | | | **1,179** |
| Unallocated expenses | | | | | **(35,515)** |
| Profit before taxation | | | | | **130,688** |

| For the year ended 31 March 2010 | Property development *HK$'000* | Property management *HK$'000* | Construction and maintenance *HK$'000* | Elimination *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|
| **Segment revenue** | | | | | |
| Revenues from external parties | – | – | 25,843 | – | 25,843 |
| Inter-segment sales | – | – | – | – | – |
| | – | – | 25,843 | – | 25,843 |
| **Segment results** | (14,963) | – | (3,881) | – | (18,844) |
| Interest income | | | | | 278 |
| Other income | | | | | 2,511 |
| Unallocated expenses | | | | | (15,031) |
| Loss before taxation | | | | | (31,086) |

Inter-segment sales are charged at terms determined and agreed by both parties.

Segment results represents the profit/(loss) earned by each segment without allocation of central administration costs including directors' salaries, share of profits of an associate, gain recognised on disposal/winding up of subsidiaries, other income, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

*(ii) Segment assets and liabilities*

The following is an analysis of the Group's assets and liabilities by reportable segment at the reporting date:

| **As at 31 March 2011** | **Property development** ***HK$'000*** | **Property management** ***HK$'000*** | **Construction and maintenance** ***HK$'000*** | **Total** ***HK$'000*** |
|---|---|---|---|---|
| **Assets** | | | | |
| Segment assets | **1,347,728** | **140,109** | **10,467** | **1,498,304** |
| Unallocated corporate assets | | | | **109,459** |
| | | | | **1,607,763** |
| **Liabilities** | | | | |
| Segment liabilities | **643,097** | **12,368** | **30,871** | **686,336** |
| Unallocated corporate liabilities | | | | **301** |
| | | | | **686,637** |

| As at 31 March 2010 | Property development HK$'000 | Property management HK$'000 | Construction and maintenance HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| Segment assets | 960,925 | – | 15,232 | 976,157 |
| Unallocated corporate assets | | | | 39,323 |
| | | | | 1,015,480 |
| **Liabilities** | | | | |
| Segment liabilities | 426,111 | – | 24,609 | 450,720 |
| Unallocated corporate liabilities | | | | 824 |
| | | | | 451,544 |

Segment assets exclude deferred tax assets and interest in subsidiaries as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and borrowing as these liabilities are managed on a group basis.

*(iii) Other segment information*

| **For the year ended 31 March 2011** | **Property development** ***HK$'000*** | **Property management** ***HK$'000*** | **Construction and maintenance** ***HK$'000*** | **Unallocated** ***HK$'000*** | **Total** ***HK$'000*** |
|---|---|---|---|---|---|
| **Other information** | | | | | |
| Capital additions | **1,475** | **3,350** | **–** | **1,629** | **6,454** |
| Depreciation of property, plant and equipment | **421** | **354** | **58** | **242** | **1,075** |
| Impairment loss on property, plant and equipment | **–** | **–** | **411** | **–** | **411** |

| For the year ended 31 March 2010 | Property development *HK$'000* | Property management *HK$'000* | Construction and maintenance *HK$'000* | Unallocated *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|
| **Other information** | | | | | |
| Capital additions | 3,201 | – | 341 | 1,021 | 4,563 |
| Depreciation of property, plant and equipment | 367 | – | 165 | 60 | 592 |

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

## 6. Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging/(crediting):

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Cost of services provided | **–** | 21,388 |
| Staff cost | | |
| – Salaries and other benefits | **10,116** | 10,368 |
| – Retirement scheme contributions | **1,675** | 197 |
| | **11,791** | 10,565 |
| Directors' remuneration | **3,250** | 2,304 |
| Auditors' remuneration | | |
| – audit services | **300** | 250 |
| – non-audit services | **302** | 365 |
| Depreciation | | |
| – property, plant and equipment | **1,075** | 592 |
| Impairment loss on property, plant and equipment | **411** | – |
| Gain on disposal of subsidiaries | **(6,481)** | – |
| Gain on winding up of a subsidiary | **(1,179)** | – |
| Impairment on amount due from an associate | **445** | – |
| Operating lease payments | **2,212** | 4,292 |

## 7. Income tax

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| PRC enterprise income tax | **36,454** | 1,004 |

The PRC enterprise income tax was mainly attributed by the RMB150,000,000 (equivalent to approximately HK$174,347,000) government grant received by the Group (Note 3).

No provision had been made for Hong Kong profits tax as the Group does not have any assessable profits arising in Hong Kong for the current year (2010: Nil).

For the Group's subsidiaries established in the PRC, PRC enterprise income tax is calculated at the rate of 25% (2010: 25%).

The tax charge for the year can be reconciled to the profit/(loss) before taxation reflected in the consolidated statement of comprehensive income as follows:

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit/(loss) before taxation | **130,688** | (31,086) |
| Notional tax charge on profit/(loss) before tax, calculated at the tax rates applicable to profit in the jurisdictions concerned | **33,356** | (3,969) |
| Tax effect of non-taxable income | **(105)** | (421) |
| Tax effect on tax losses not recognised | **3,003** | 1,674 |
| Effect of utilisation of tax losses previously not recognized | **(4,176)** | – |
| Over-provision in prior year | **(1,027)** | – |
| Tax effect of non-deductible expenses | **5,403** | 3,720 |
| Income tax for the year | **36,454** | 1,004 |

## 8. Dividend

No dividend has been paid or proposed for the year (2010: Nil).

## 9. Earnings/(loss) per share

The calculations of the basic earnings/(loss) per share are based on the following data:

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Earnings/(loss) for the year attributable to the equity holders of the Company | **33,617** | (32,090) |
| Number of shares | ***'000*** | *'000* |
| Issued ordinary shares at the beginning of the year | **8,880,874** | 5,681,559 |
| Effect of shares issued during the year | **–** | 2,863,973 |
| Weighted average number of ordinary shares used in the calculation of basic earnings/(loss) per share | **8,880,874** | 8,545,532 |

Basic and diluted earnings/(loss) per share for the year ended 31 March 2011 and 2010 have been presented as equal because the exercise price of the Company's share options was higher than the average market price for the year and is therefore considered as anti-dilutive.

## 10. Investment properties

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* |
| At beginning of the year | **–** | – |
| Transferred from properties under development for sale *(Note 12)* | **390,466** | – |
| At end of the year | **390,466** | – |
| Land and properties located in the PRC: | | |
| Medium-term lease | **390,466** | – |

No depreciation was provided for the year ended 31 March 2011 as the investment properties were still under construction.

According to the Property Valuation Reports issued by Asset Appraisal Limited, which is independent qualified valuer in Hong Kong, on 30 June 2011, the Group's investment properties and properties under development for sale were valued by reference to comparable properties of similar size, character and location. The fair value of the Group's properties and the land use right where they are located as at 31 March 2011 is RMB1,090,000,000 (equivalent to approximately HK$1,294,076,000).

As at 31 March 2011, the investment properties were still under construction and the valuation was accessed on a whole project basis together with the properties under development for sales. As the valued amount of the whole property development project (approximately HK$1,294,076,000) excess the carrying amount of the investment properties (approximately HK$390,466,000) and properties under development for sale (approximately HK$629,756,000) (Note 12), directors of the Company consider no impairment loss has to be provided.

## 11. Interest in an associate

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* |
| Cost of investment in an associate, unlisted | **–** | – |
| Share of post-acquisition losses and reserves | **–** | – |
| | **–** | – |
| Amount due from an associate | **23,421** | – |
| | **23,421** | – |
| Less: Impairment loss for amount due from an associate | **(445)** | – |
| | **22,976** | – |

Particulars of the Group's associate as at 31 March 2011 are as follows:

| Name of associate | Form of business structure | Place of incorporation | Place of operation | Issued and fully paid share capital | Proportion of ownership interest | Principal activity |
|---|---|---|---|---|---|---|
| Cosmos View Holdings Limited | Established | British Virgin Island ("BVI") | The PRC | US$100 | 50% | Investment |

The amount due from an associate is unsecured, interest-free and has no fixed terms of repayment.

Summarised financial information in respect of the Group's associate is set out below:

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **At 31 March** | | |
| Total assets | **45,959** | – |
| Total liabilities | **(46,848)** | – |
| Net liabilities | **(889)** | – |
| **Year ended 31 March** | | |
| Total revenue | **–** | – |
| Total loss for the year | **(1,191)** | – |
| The Group's share of result of the associate | **–** | – |

The Group has not recognised loss for the year amounting to approximately HK$595,500 for the Group's associate.

## 12. Properties under development for sale

Properties under development for sale represent the acquisition costs of land use rights, design fee, aggregate cost of development, other direct expenses, an appropriate proportion of overheads and borrowing cost capitalised incurred up to 31 March 2011 in respect of the Group's property development projects in Hunan, the PRC.

| | **The Group** | |
|---|---|---|
| | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* |
| At beginning of the year | **733,334** | 85,500 |
| Additions | **250,297** | 648,051 |
| Transferred to investment properties under construction *(Note 10)* | **(390,466)** | – |
| Eliminated on disposal of subsidiaries | **(955)** | – |
| Exchange adjustments | **37,546** | (217) |
| At end of the year | **629,756** | 733,334 |
| Land and properties located in the PRC: | | |
| Medium-term lease | **629,756** | 733,334 |

## 13. Trade and other receivables

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Trade receivables *(Note (i))* | **766** | 733 | **–** | – |
| Deposit paid | **464** | 175 | **212** | 165 |
| Tender guarantee for land bidding *(Note (ii))* | **96,403** | – | **–** | – |
| Prepayment | **6,615** | 656 | **655** | 656 |
| Other receivable *(Note (iii))* | **114,111** | 13,861 | **–** | – |
| | **218,359** | 15,425 | **867** | 821 |

*Note (i):*

The Group's trading terms with its customers are mainly on credit where payment in advance is normally required. The credit period is generally 30 days to 90 days.

The balance of trade receivables as at 31 March 2011 represent the retention money receivables in respect of the construction project, completed during the year ended 31 March 2010, and will be settled in accordance with the terms of the construction contract.

*Note (ii):*

During the year ended 31 March 2011, three refundable preliminary tender guarantee of RMB11,200,000 (equivalent to approximately HK$13,297,000), RMB60,000,000 (equivalent to approximately HK$71,234,000) and RMB10,000,000 (equivalent to approximately HK$11,872,000) were paid respectively under the normal course of property development business by 懷來大一葡萄酒莊園有限公司, Qinhuangdao Outlets Real Estate Co., Limited and Globe Outlets Town (Jilin) Limited, wholly owned subsidiaries of the Company, in respect of the Group's proposed bidding of lands located in Hebei, Qinhuangdao and Jilin, the PRC, under public land auctions.

*Note (iii):*

Included in other receivable, RMB40,000,000 (equivalent to approximately HK$47,489,000) and RMB32,178,050 (equivalent to approximately HK$38,203,000) representing two short-term advances to two business partners of the Group who are third parties independent of the Company and connected persons of the Company. They agreed to identify any investment opportunities of property development projects in Hainan and Guangdong, the PRC, for the Group.

The advance of RMB40,000,000 is unsecured and repayable on or before 7 April 2012. It bears floating rate of interest based on the prevailing lending rate of the People's Bank of China ("PBOC") with 10% spread thereon.

The advance of RMB32,178,050 is unsecured and repayable on or before 3 March 2012. Pursuant to the agreement entered into with the business partner, no interest will be charged provided that the business partner successfully refers suitable property development projects to the Group; otherwise, interest will be charged at a rate not less than the prevailing lending rate of the PBOC.

All the above short-term advances as at 31 March 2011 were neither past due nor impaired.

As at the reporting date, the ageing analysis of the trade receivables, net of impairment loss, was as follows:

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current to 60 days | **–** | 733 |
| 60 – 180 days | **–** | – |
| Over 180 days | **766** | – |
| Neither past due nor impaired | **766** | 733 |

**14. Trade and other payables**

| | **The Group** | | **The Company** | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Trade payables | **22,041** | 20,599 | **–** | – |
| Accrued charges and other payables *(Note (i) and (ii))* | **287,952** | 344,630 | **300** | 554 |
| | **309,993** | 365,229 | **300** | 554 |

*Note (i):*

Included in other payables, there is an amount of RMB218,000,000 (equivalent to approximately HK$258,815,000) representing a construction deposit received from the PRC local government in relation to construction work surrounding the Group's development site in Wangcheng Country, Changsha City, Hunan Province, the PRC.

*Note (ii):*

As at 31 March 2011, RMB3,966,250 (equivalent to approximately HK$4,709,000) deposits were received from pre-sales of the Group's residential properties and lease of commercial units in Hunan, the PRC, prior to the issuance of the relevant occupation permit/completion certificate by the respective building authorities.

As at the reporting date, the ageing analysis of the trade payables was as follows:

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current to 60 days | **–** | – |
| 60 – 180 days | **1,858** | 20,599 |
| Over 180 days | **20,183** | – |
| | **22,041** | 20,599 |

**15. Bank loan, secured**

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* |
| Current bank loan-secured | **–** | – |
| Non-current bank loan-secured | **356,168** | – |
| | **356,168** | – |
| Repayable: | | |
| Within one year or on demand | **–** | – |
| Over one year but within two years | **94,978** | – |
| Over two years but within five years | **261,190** | – |
| Total bank loan | **356,168** | – |

As at 31 March 2011, the bank loan was secured by a subsidiary's land use right with net carrying amount of approximately RMB240,000,000 (equivalent to approximately HK$278,808,000). The bank loan bears interest at rates ranging from 6.45% to 7.32% per annum (2010: Nil), and does not contain a repayment on demand clause.

As at 30 September 2010, a short-term bank loan of RMB50,000,000 (equivalent to approximately HK$58,085,000) was secured by the Group's pledged deposit amounting to US$8,800,000 (equivalent to approximately HK$68,640,000). The short-term bank loan was subsequently fully repaid in March 2011 and the related pledged bank deposit was released accordingly.

**16. Deferred income**

During the year ended 31 March 2010, Hunan Richly Field, a subsidiary of the Group, received a government grant of RMB75,000,000 (equivalent to approximately HK$85,310,000) representing half amount of the total government grant (Note 3), by the PRC local government as a financial support. Such amount was released to the consolidated statement of comprehensive income and recognised as other revenue during the year ended 31 March 2011.

**17. Events after the reporting period**

There was no significant event subsequent to 31 March 2011.

## BUSINESS REVIEW

The main business activity of the Company is investment holding. Its main subsidiaries were in the building construction and maintenance industry including building work, design, construction and building maintenance, and property development. Their operations were located in the People's Republic of China (the "PRC").

**Acquisition and Disposal of Subsidiaries**

During the Year, the Group was committed to developing the Changsha Outlets and its ancillary residential project, which has been developing by the Group's subsidiary Hunan Richly Field Outlets Real Estate Limited ("Hunan Richly Field"). On 10 November 2010, an indirect wholly-owned subsidiary of the Company and the direct controlling company of Hunan Richly Field, Globe Outlets City Holdings Limited ("Globe Outlets"), entered into a joint venture agreement with a third party, Zhongrong International Trust Company Limited ("Zhongrong Trust"). Pursuant to the joint venture agreement, the total registered capital of Hunan Richly Field, a subsidiary of Globe Outlets, will be increased from HK$238,000,000 to HK$469,000,000, and Zhongrong Trust conditionally agreed to subscribe for additional registered capital of HK$231,000,000 at a cash consideration of RMB200,000,000 (equivalent to approximately HK$231,000,000). This can provide the Group with a good opportunity in securing development funds at commercially reasonable and favourable terms by virtue of the financial strength of Zhongrong Trust while still enjoying the major part of economic benefit brought by the Changsha project. As of the end of the Year, the main construction of phase 1 of Changsha project was nearly completed whereas the marketing and promotion work has been commenced in a well-ordered way. The residential part is proposed to be launched in July 2011 and the commercial part of Outlets will come into operation in October 2011. At such time, in view of the joint development and mutual promotion of residential properties and commercial apartments of Outlets, the Group is able to get a substantial return from the Changsha project, strongly improving the Group's image and competitiveness. For further details, please refer to the announcement dated 10 November 2010 and the circular of the Company dated 26 November 2010.

During the Year, the Group adhered to the active and stable business expansion. On 1 November 2010, the Company entered into an agreement with a third party to acquire 100% equity interest of Cosmos View Holdings Limited ("Cosmos View"), together with the shareholder's loan, at the total consideration of HK$46,842,640. This acquisition allows the Group to get access into the property market in Nanchang, Jiangxi province successfully. For further details, please refer to the announcement dated 1 November 2010.

Subsequently, considering the objective fact that the PRC government imposes a series of tightening measure for real estate market, on 15 November 2010, the Company entered into an agreement and a deed with a third party who is equipped with similar developing strategy and financing ability to dispose 50% equity interest and 50% of the shareholder's loan of Cosmos View respectively, at the total consideration of US$3,002,782.34, for the purpose of grasping the golden investment opportunity for the commercial and residential market in Jiangxi province by the synergy effect creating from the cooperation. Currently, the Group has focused on the preliminary preparation work for Jiangxi Globe Outlets City project. For further details, please refer to the announcement dated 15 November 2010.

During the Year, the Group actively expanded its business in addition to the continuous optimization of business structure. On 3 August 2010, a conditional agreement was entered into between an independent third party (the "Purchaser") and the Company in respect of the disposal of the entire issued share capital and the shareholder's loan of Wealthy Field Development Holdings Limited and its fellow subsidiaries (collectively "Wealthy Field Development Group") at the consideration of US$45,000,000. At first, the Group intended to seek investment opportunity in Fuzhou, Fujian province. However, the market situation in Fuzhou was changed so that the property investment in Fuzhou might violate the steady development and investment strategy of the Group. Thus, the Group decided prudently to terminate the project in Fuzhou. The details were disclosed in the announcement of the Company dated 3 August 2010 and the circular of the Company dated 12 August 2010.

**Developing New Business**

Besides endeavoring to consolidate the primary business model of developing commercial properties and ancillary residential properties, the Group also actively seeks business opportunity based on the considerable experience of property development to extend its business and improves the Group's overall efficiency and competitiveness by enjoying the mutual complement effect created by diversified businesses. 懷來大一葡萄酒莊園有限公司, a indirect wholly-owned subsidiary of the Company intends to develop a private wine chateau in Huailai county after carrying out detailed research and analysis on the investment environment and development potential in Huailai county, Heibei province. Currently, such project is on the preparation stage.

**Winding up a Subsidiary**

During the Year, for the purpose of optimizing resource allocation for the Group's subsidiary and strengthening the operation efficiency and competitiveness, the Board passed a resolution to wind up 德信建工(廣東)有限公司 (Dickson Construction Engineering (Guangdong) Limited).

## FINANCIAL REVIEW

**Results**

Turnover for the year ended 31 March 2011 amounted to approximately HK$nil and the corresponding last year was HK$25,843,000. Profit attributable to equity holders for the Year was approximately HK$33,617,000 compared with a loss approximately of HK$32,090,000 for the corresponding last year. Earnings per share for the Year was HK0.4 cents compared with a loss per share of HK0.3 cents for the corresponding last year. During the Year, the Group did not recognize any revenue from construction work and revenue from property development which are in progress. The profit for the year was mainly attributed to government grant of approximately HK$174,347,000. As of 31 March 2011, the Group has turned losses into gains as compared to the corresponding last year.

**Liquidity and Capital Resources**

As at 31 March 2011, the Group's net assets amounted to approximately HK$921,126,000 as compared with net assets amounted to approximately HK$563,936,000 at 31 March 2010. As at 31 March 2011, the Group had net current assets of approximately HK$857,233,000 including cash and cash equivalents of approximately HK$339,587,000 as compared with net current assets of approximately HK$626,582,000 including cash and cash equivalents of approximately HK$244,057,000 at 31 March 2010. The Group's gearing ratio measured on the basis of the Group's total bank borrowings over the total equity as at 31 March 2011 was 38.67% (2010: N/A).

The Group has no significant exposure to foreign currency fluctuation as cash balances, trade receivables and trade payables were denominated in Hong Kong dollars and Renminbi.

The source of funding of the Group was mainly from its internal resources and the bank loans. One of the Group's wholly-owned subsidiaries entered into a joint venture agreement with a mainland investor, pursuant to which its registered capital increased from HK$238,000,000 to HK$469,000,000. Besides, such subsidiary obtained a non-current bank loan of RMB300,000,000 (equivalent to approximately HK$356,167,636) for financing the property development project as of the end of the Year.

**Capital Commitment and Contingent Liabilities**

As at 31 March 2011, the Group did not have any capital commitments (2010: Nil). There were no material contingent liabilities as at 31 March 2011 (2010: Nil).

**Employees**

As at 31 March 2011, the Group employed a total of 125 employees (excluding directors). The Group remunerates its employees based on their performance, working experience and prevailing market standards. Employee benefits include a medical insurance coverage, provident fund and share options.

## PROSPECT AND OUTLOOK

During the Year, the PRC government has gradually magnified the control on real estate industry by implementing a series of policy including introducing differentiated credit policy and purchase limit, increasing housing fund lending rate, making it harder to get financing for real estate development corporate, as well as tightening the land supply management, in order to lead the whole real estate market (including all of the elements such as land supply, development and sales) into an orderly, healthy and optimum track. Under the influence of those PRC real estate control policies, the PRC real estate market gradually becomes regulated and mature. The Group considers that the control on real estate industry taken promptly reduces the risk accumulated in the mainland real estate market, which accords with the Group's operational strategy to focus on seeking investment opportunities in countryside of second and third tier cities. As long as keeping sensitive to the market, prudent for decision making and holding existing business position, the Group has confidence in grasping this business development opportunity, improving competitiveness and continuing to create a higher value for shareholders.

Currently, the phase 1 of Outlets and its ancillary residential project developed in Changsha, Hunan by the Group has been nearly completed. The residential and commercial part of Outlets will be launched and come into operation in July and October 2011 respectively. At such time, the Group is able to get a substantial return from the project while the experience gained from its success will laid a sound foundation for the successful operation of other projects run by the Group.

Based on the successful experience of the Changsha project, the Group will keep searching high value-added business. On one hand, the Group will adhere to the original "low density residential + Outlets-style commercial" development model, and sticking to the business philosophy of supporting commercial development with residential property and raising the value of residential property with commercial building. The Group will continue to seek business opportunities in the countryside of second and third tier cities with high development and consumption potential within the country such as Nanchang, Qinhuangdao and Changchun. On the other hand, the Group will flexibly develop other ancillary business such as leisure tourism property (including wine chateau) on the basis of property development so as to enhance the Group's overall competitiveness in diversified aspects besides improving the Group's additional value.

## FINAL DIVIDEND

The Board does not recommend any final dividend for the year ended 31 March 2011 (31 March 2010: Nil).

## CORPORATE GOVERNANCE PRACTICES

Following the issue of the Code on Corporate Governance Practices (the "CG Code"), as set out in Appendix 14 of the Listing Rules, the Company has carefully reviewed and considered its provisions, and carried out a detailed analysis on the corporate governance practices of the Company to comply with the requirements of the CG Code.

The Board confirms that the Company was in compliance with the CG Code throughout the Year, except for the following deviations:

### Code Provision A.2.1

This provision states that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. He Guang assumes the role of chairman, and there is no other person designated as chief executive officer. The Board believes that this structure helps maintain strong and effective leadership and leads to a highly efficient decision making process. The Board will review this situation periodically.

**Code Provision A.4.1**

This provision requires the non-executive directors should be appointed for specific terms, subject to re-election at the general meeting of the Company. Currently, all the non-executive directors are not appointed for a specific term but are subject to retirement by rotation and re-election at the forthcoming annual general meeting in accordance with the Company's Bye-Laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting that in the CG Code.

**Code Provision E.1.2**

This provision requires the chairman of the Board to attend the annual general meeting (the "AGM") and arrange for the chairman of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee to be available to answer questions at the AGM.

The chairman of the Board had not attended the AGM held on 30 July 2010 as he was engaged in an important business meeting overseas. The said AGM was chaired by an executive director.

## DIRECTOR'S SECURITIES TRANSACTIONS

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

The Board confirms that all directors of the Company have complied with 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

The audit committee is composed of three independent non-executive directors, namely, Ms. Cho Denise Yee Man (Chairman), Mr. Liu Ming Fang and Dr. He Chuan. The audit committee is mainly responsible for overseeing the Company's financial reporting system and internal control procedures; making recommendations to the Board in the appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors; and reviewing the interim and annual reports and accounts of the Company.

The consolidated financial statements of the Group for the year ended 31 March 2011 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

## REMUNERATION COMMITTEE

The remuneration committee consists of one executive director, Mr. He Guang (Chairman), and three independent non-executive directors, Ms. Cho Denise Yee Man, Mr. Liu Ming Fang and Dr. He Chuan. The remuneration committee is mainly responsible for making recommendations to the Board on the Company's remuneration policy for directors and senior management, and overseeing the remuneration packages of the executive directors, and senior management.

## PUBLICATION OF INFORMATION ON WEBSITE

This announcement is available for viewing on the website of Hong Kong Exchange and Clearing Limited (http://www.hkexnews.hk) and on the website of the Company (http://www.equitynet.com.hk/richlyfield).

By Order of the Board
**Richly Field China Development Limited**
**He Guang**
*Chairman*

Hong Kong, 30 June 2011

*As at the date of this announcement, the Board comprises Mr. He Guang (Chairman) and Wong Kin Fai as executive directors, Mr. Huang Shao Xiong and Mr. Wang Yuan Xun as non-executive directors and Ms. Cho Denise Yee Man, Mr. Liu Ming Fang and Dr. He Chuan as independent non-executive directors.*