THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in **Richly Field China Development Limited**, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

RICHLY FIELD

RICHLY FIELD CHINA DEVELOPMENT LIMITED

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

(Stock Code: 313)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF 49.25% EQUITY INTEREST IN HUNAN RICHLY FIELD

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Investec

A letter from the Board is set out on pages 6 to 15 of this circular. A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders is set out on pages 16 to 17 of this circular. A letter from Investec Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 18 to 27 of this circular.

A notice convening the SGM to be held at Ramada Hong Kong Hotel (Jasmine Room 3/F), 308 Des Voeux Road West, Hong Kong, on Tuesday, 15 April 2014 at 10:30 a.m. is set out on page SGM-1 of this circular. Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to 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 as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof should you so wish.

31 March 2014

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In this circular, the following expressions have the following meanings unless the context requires otherwise:

"Acquisition"	the acquisition of 49.25% equity interest in Hunan Richly Field by Richly Field BJ from Zhongrong Trust pursuant to the terms of the Acquisition Agreement
"Acquisition Agreement"	the acquisition agreement dated 7 November 2012 entered into between Richly Field BJ as the Purchaser and Zhongrong Trust as the Vendor in relation to the Acquisition
"Announcements"	the Company's announcements dated 10 April 2013 and 30 May 2013 in relation to, among others, the Acquisition
"Board"	the board of Directors
"Changsha Outlets Project"	a property development project developed by Hunan Richly Field at Changsha, the PRC, which includes commercial property portion namely "Globe Outlets City" (「環球奧特萊斯」) comprising outlet shopping park and shops of well-known brand names, restaurants and entertainment facilities, and residential property namely "Richlyfield • Outlets Town" (「裕田 • 奧特萊斯小鎮」)
"Company"	Richly Field China Development Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange
"Connected persons"	has the meanings ascribed thereto in the Listing Rules
"Consideration"	the total cash consideration of RMB224.0 million paid by Richly Field BJ to Zhongrong Trust for the Acquisition under the Acquisition Agreement
"Debt Confirmation Agreement"	the debt confirmation agreement (債權債務確認協議) dated 7 November 2012 entered into between Richly Field BJ and Zhongrong Trust confirming the total debt owed by Richly Field BJ to Zhongrong Trust as a result of the entering into the Acquisition Agreement

"Debt"	RMB224.0 million owed by Richly Field BJ to Zhongrong Trust as a result of entering into the Acquisition Agreement
"Debt Assignment"	the assignment of the Debt from Zhongrong Trust to the State-owned Financial Institution pursuant to the Debt Assignment Agreement
"Debt Assignment Agreement"	the debt assignment agreement (債權轉讓協議) dated 13 November 2012 entered into among Richly Field BJ, Zhongrong Trust and the State-owned Financial Institution in relation to assignment of the Debt from Zhongrong Trust to the State-owned Financial Institution
"Debt Restructuring Agreement"	the debt restructuring agreement (債務重組協議) dated 13 November 2012 entered into between Richly Field BJ and the State-owned Financial Institution in relation to the restructuring of the Debt
"Directors"	the director(s) of the Company
"Enlarged Group"	the Group immediately after completion of the Acquisition Agreement
"Globe Outlets City"	Globe Outlets City Limited, a company incorporated in British Virgin Islands with limited liability, which is a direct wholly-owned subsidiary of the Company and an immediate holding company of Globe Outlets City Holdings
"Globe Outlets Holdings"	Globe Outlets City Holdings Limited, a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of the Company and holds approximately 50.75% equity interest in Hunan Richly Field
"Group"	the Company and its subsidiaries
"Hunan Richly Field" or "Target Company"	Hunan Richly Field Outlets Real Estate Limited, a company incorporated in the PRC with limited liability, equity interest of which was owned as to 50.75% by Globe Outlets Holdings (an indirect wholly-owned subsidiary of the Company) and 49.25% by Zhongrong Trust respectively before completion of the Acquisition Agreement

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Company, comprising Ms. Hsu Wai Man, Helen, and Mr. Chau Shing Yim, David all independent non-executive Directors
"Investec Capital" or "Independent Financial Adviser"	Investec Capital Asia Limited, a licensed corporation to carry on types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the voting as the SGM in respect of the Acquisition Agreement and the transactions contemplated thereunder
"Independent Shareholders"	the Shareholders who are not interested in or involved in the Acquisition Agreement and the transactions contemplated thereunder
"independent third party(ies)"	third party(ies) independent of the Company and its connected persons as defined under the Listing Rules
"Joint Venture Agreement"	the Sino-foreign joint venture agreement entered into between Zhongrong Trust and Globe Outlets Holdings dated 10 November 2010, details of which are set out in the Company's announcement dated 10 November 2010 and circular dated 26 November 2010
"Land"	the parcels of land (with property being developed thereon) owned by Hunan Richly Field in the total area of approximately 1,500 mu located at Leifeng Road, Wangcheng County, Changsha, Hunan Province
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Latest Practicable Date"	28 March 2014, being the latest practicable date prior to the printing of this circular ascertaining certain information in this circular
"PRC"	the People's Republic of China

"Qinhuangdao Outlets"	Qinhuangdao Outlets Real Estate Company Limited (秦皇島奧特萊斯置業有限公司), a company incorporated in the PRC with limited liability, which is a 40%-owned associate of the Company
"Richly Field BJ" or "Purchaser"	裕田幸福城（北京）投資顧問有限公司 (Richly Field (Beijing) Investment Consulting Co., Limited*), a company incorporated in the PRC with limited liability, which is a direct wholly-owned subsidiary of the Company and holds 49.25% equity interest in Hunan Richly Field after completion of the Acquisition
"SFO"	the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened to, among others, considering and if thought fit, ratifying and approving the Acquisition, the entering into of the Acquisition Agreement and the transactions contemplated thereunder
"Share(s)"	share(s) of HK$0.05 each of the capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"State-owned Financial Institution"	China Orient Asset Management Corporation, a financial institution approved by the State Council and the PRC and registered with the State Administration for the Industry and Commerce as a wholly state-owned financial institution, which is principally engaged in purchasing, managing and disposing of the non-performing loans from the financial institutions and investment banking business
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Zhongrong Trust" or "Vendor"	Zhongrong International Trust Company Limited, a company incorporated in the PRC with limited liability, which was interested in approximately 49.25% before completion of the Acquisition
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC

"mu"	Chinese Arce, one mu equals approximately 666.7 square meters
"%"	per cent

** For identification purpose only*

RICHLY FIELD

RICHLY FIELD CHINA DEVELOPMENT LIMITED

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

(Stock Code: 313)

Executive Directors:
Mr. Ma Jun *(Chairman)*
Mr. Wong Kin Fai

Non-executive Director:
Mr. Chen Wei

Independent non-executive Directors:
Ms. Hsu Wai Man, Helen
Mr. Chau Shing Yim, David

Registered office:
Suite 506, ICBC Tower
3 Garden Road
Central, Hong Kong

31 March 2014

To the Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF 49.25% EQUITY INTEREST IN HUNAN RICHLY FIELD

INTRODUCTION

Reference is made to the Announcements. As set out in the Company's announcement dated 10 April 2013, the Company engaged internal control consultants to review the adequacy of the Company's corporate governance and internal control procedures. Hunan Richly Field was a non-wholly-owned subsidiary of the Company, which was owned as to 50.75% by the Group and as to 49.25% by Zhongrong Trust. During the internal control review and based on a company search on Hunan Richly Field, it was discovered that Richly Field BJ, a direct wholly-owned subsidiary of the Company, had replaced Zhongrong Trust and become interested in 49.25% equity interest in Hunan Richly Field on 13 November 2012.

As further set out in the Company's announcement dated 30 May 2013, the Company clarified and announced that on 7 November 2012, Richly Field BJ and Zhongrong Trust entered into the Acquisition Agreement, pursuant to which Richly Field BJ as the Purchaser acquired 49.25% equity interest in Hunan Richly Field from Zhongrong Trust as the Vendor at a cash consideration of RMB224,000,000. The Acquisition was completed on 13 November 2012.

As the remaining 50.75% equity interest in Hunan Richly Field is owned by Globe Outlets Holdings, an indirect wholly-owned subsidiary of the Company, after completion of the Acquisition Agreement, Hunan Richly Field has become a wholly-owned subsidiary of the Company. The entering into of the Acquisition Agreement constitutes a non-exempt connected transaction for the Company under Rule14A.13 of the Listing Rules and should be subject to reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purpose of this circular is to provide the Shareholders with information in respect of the details of Acquisition. The SGM will be convened to, among others, considering and if thought fit, ratifying and approving the Acquisition, the entering into of the Acquisition Agreement and the transactions contemplated thereunder.

THE ACQUISITION AGREEMENT

Date: 7 November 2012

Parties: (1) Richly Field BJ, as the Purchaser; and

(2) Zhongrong Trust, as the Vendor

Assets acquired

Pursuant to the Acquisition Agreement, Richly Field BJ, a direct wholly-owned subsidiary of the Company, as the Purchaser agreed to acquire 49.25% equity interest in Hunan Richly Field from Zhongrong Trust as the Vendor.

Consideration and payment terms

Pursuant to the Acquisition Agreement, the Consideration is RMB224.0 million, which was payable by Richly Field BJ to Zhongrong Trust in cash within three business days from the date of the Acquisition Agreement (i.e. 7 November 2012).

The Consideration was determined after arm's length negotiations between the Group and Zhongrong Trust having regarded to, among others, (i) total capital contribution of HK$231.0 million made by Zhongrong Trust to Hunan Richly Field before the Acquisition Agreement was entered into; (ii) the market value of the Land held by Hunan Richly Field at approximately RMB1,304 million as at 30 September 2012, prepared by an independent qualified property valuer; (iii) the prospect of the Changsha Outlets Project; and (iv) net asset value of Hunan Richly Field in the amount of approximately HK$584 million as at 30 September 2012.

The Directors consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Settlement of the Consideration

The Consideration was settled by way of an assignment of the Debt.

On 7 November 2012, Richly Field BJ and Zhongrong Trust entered into the Debt Confirmation Agreement confirming that Richly Field BJ as the Purchaser owed Zhongrong Trust as the Vendor the Debt in the amount RMB224.0 million as a result of entering into the Acquisition Agreement. Richly Field BJ shall repay the Debt to Zhongrong Trust within three days after entering into the Debt Confirmation Agreement. Pursuant to the Debt Confirmation Agreement, Zhongrong Trust can assign the Debt to third party(ies) with the written consent from Richly Field BJ.

On 13 November 2012, Richly Field BJ, Zhongrong Trust and the State-owned Financial Institution entered into the Debt Assignment Agreement, pursuant to which, Zhongrong Trust agreed to assign, and the State-owned Financial Institution agreed to acquire, the Debt at total cash consideration of RMB224.0 million.

On 13 November 2012, Richly Field BJ and the State-owned Financial Institution also entered into the Debt Restructuring Agreement, pursuant to which, Richly Field BJ shall repay the Debt to the State-owned Financial Institution within two years from the date of the Debt Restructuring Agreement. During the restructuring period, Richly Field BJ can make early repayment of the Debt. Before the Debt is repaid in full, Richly Field BJ shall pay a restructuring interest to the State-owned Financial Institution at the interest rate of 15% per annum on the principal amount of the Debt on quarterly basis. In the event that Richly Field BJ could not pay the restructuring interest in accordance with terms of the Debt Restructuring Agreement, the restructuring interest rate would be increased to 22.5% per annum. Upon the expiry of the two-year restructuring period, Richly Field BJ shall repay all the outstanding Debt to the State-owned Financial Institution, failing which, the restructuring rate will be increased to 30% per annum on the outstanding Debt.

Globe Outlets Holdings is an indirect wholly-owned subsidiary of the Company and holds the remaining approximately 50.75% equity interest in Hunan Richly Field. According to the terms of the Acquisition Agreement, on 7 November 2012, Globe Outlets Holdings and Zhongrong Trust entered into an equity pledge agreement, pursuant to which, Globe Outlets Holdings pledged its 50.75% equity interest in Hunan Richly Field to Zhongrong Trust as the guarantee for the payment obligation of Richly Field BJ under the Acquisition Agreement. Pursuant to the Debt Assignment Agreement and the Debt Restructuring Agreement, 100% equity interest in Hunan Richly Field was pledged to the State-owned Financial Institution as the guarantee for the repayment obligation of Richly Field BJ.

In addition, pursuant to the Debt Assignment Agreement and the Debt Restructuring Agreement, Hunan Richly Field provided a guarantee to the State-owned Financial Institution in relation to the repayment obligation of Richly Field BJ regarding the Debt.

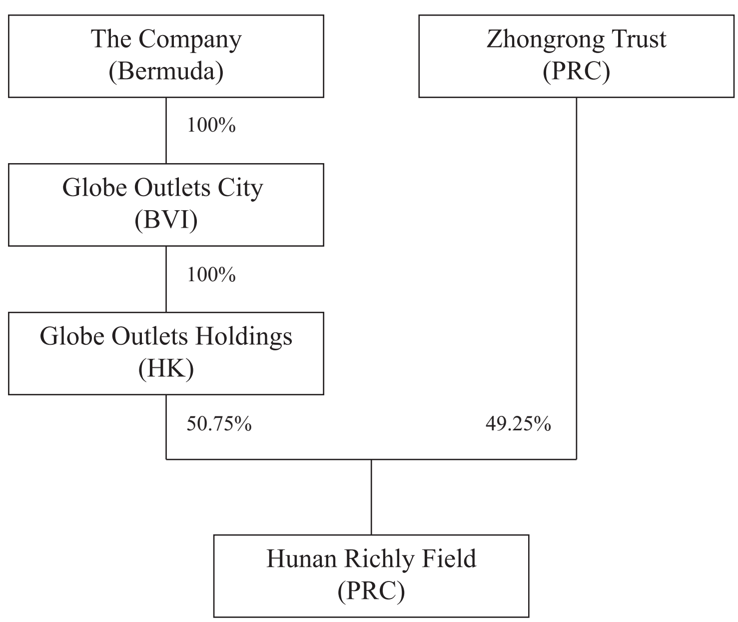
Pursuant to the Debt Assignment Agreement, the State-owned Financial Institution shall pay the Debt to Zhongrong Trust within five business days upon completion of the aforesaid pledge of 100% equity interest in Hunan Richly Field and the provision of the guarantee by Hunan Richly Field in relation to the Debt.

On 20 November 2012, the State-owned Financial Institution settled the consideration of RMB224.0 million to Zhongrong Trust pursuant to the Debt Assignment Agreement and became the creditor of the Debt.

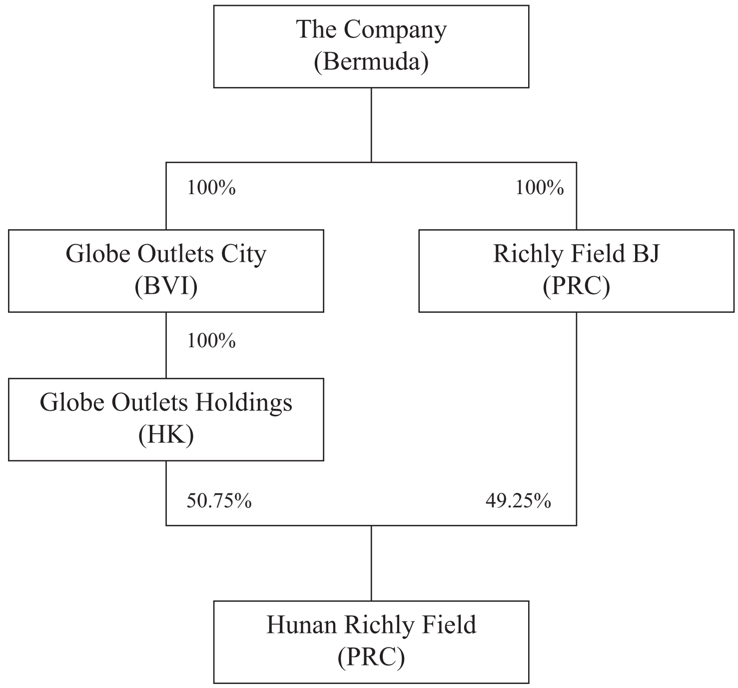
Others

As at the date of the Acquisition Agreement, Hunan Richly Field was owned as to 50.75% by the Company through Globe Outlets Holdings and as to 49.25% by Zhongrong Trust. The Acquisition Agreement was completed on 13 November 2012, and after completion of the Acquisition Agreement, Hunan Richly Field has become a wholly-owned subsidiary of the Company. Set out below are the shareholding structures of Hunan Richly Field immediately before and after completion of the Acquisition Agreement.

Immediately before completion of the Acquisition Agreement



Immediately after the completion of the Acquisition Agreement



INFORMATION OF THE GROUP

The principal activity of the Company is investment holding. The main subsidiaries are in property development, property management, building construction and maintenance industry, including building work, design, construction and maintenance and the trading of fashion wears and accessories. Their operations are mainly located in the PRC.

INFORMATION OF HUNAN RICHLY FIELD

Hunan Richly Field is a company incorporated in the PRC with a total paid-up registered capital of HK$469.0 million and it is principally engaged in property development and investments.

Prior to the completion of the Joint Venture Agreement, the Company, through Globe Outlets Holdings, owned the entire equity interest in Hunan Richly Field. As set out in the Company's announcement dated 10 November 2010 and circular dated 26 November 2010, on 10 November 2010, Globe Outlets Holdings and Zhongrong Trust entered into the Joint Venture Agreement, pursuant to which the total registered capital of Hunan Richly Field was increased from HK$238.0 million to HK$469.0 million, and Zhongrong Trust subscribed for the additional registered capital of HK$231.0 million at a cash consideration of RMB200.0 million (equivalent to approximately HK$231.0 million at the then exchange rate of HK$1 = RMB0.8658). After completion of the Joint Venture Agreement, Hunan Richly Field had become a non-wholly-owned subsidiary of the Company on 14 December 2010, which was owned as to 50.75% by the Company through Globe Outlets Holdings and as to 49.25% by Zhongrong Trust.

The following table is the summary of the financial information of Hunan Richly Field for the three years ended 31 March 2011, 2012 and 2013 and the seven months ended 31 October 2013, which were abstracted from Appendix II headed "Financial Information of Hunan Richly Field" to this circular and prepared in accordance with the Hong Kong Financial Reporting Standards.

	Year ended 31 March			Seven months ended 31 October
	2011	**2012**	**2013**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(approx.)	(approx.)	(approx.)	(approx.)
	(audited)	(audited)	(audited)	(audited)
Revenue	50,580	50,843	27,943	72,918
Profit/(Loss) before tax	167,864	(39,310)	(45,225)	(28,923)
Profit/(Loss) after tax	124,572	(39,310)	(35,788)	(28,923)

	As at 31 March			As at 31 October
	2011	**2012**	**2013**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(approx.)	(approx.)	(approx.)	(approx.)
	(audited)	(audited)	(audited)	(audited)
Total assets	1,231,431	1,348,726	1,716,376	1,826,845
Total liabilities	638,642	766,262	1,169,591	1,302,267
Net assets	592,789	582,464	546,785	524,578

INFORMATION OF ZHONGRONG TRUST

Zhongrong Trust is a company incorporated in the PRC and is a financial institution authorised by China Banking Regulatory Commission. It is principally engaged in (i) managing capital trust, chattel trust, real estate trust, securities trust and other property trust; (ii) initiating investment fund and fund management companies; (iii) advising on corporate restructuring, mergers and acquisitions or project financing, private banking and other financial advisory services; (iv) underwriting the approved securities; (v) undertaking credit attestation and survey; (vi) provision of custody services; (vii) managing self-owned capital through bank deposit, interbank loans, finance leasing and other way of investment; (viii) provision of guarantee service; (ix) managing inter-bank lending and borrowing; and (x) other approved activities.

As set out in paragraph headed "Information on Hunan Richly Field" above, pursuant to the Joint Venture Agreement, Zhongrong Trust subscribed for additional registered capital of Hunan Richly Field at a cash consideration of RMB200.0 million, and became interested in 49.25% equity interest in Hunan Richly Field on 14 December 2010.

REASONS AND BENEFITS FOR THE ACQUISITION

In 2009, Hunan Richly Field through public auctions acquired the Land in a total area of approximately 1,500 mu located at Leifeng Road, Wangcheng County, Changsha, Hunan Province to develop an outlet property development project. The Changsha Outlets Project includes commercial property portion namely "Globe Outlets City" (「環球奧特萊斯」) comprising outlet shopping park and shops of well-known brand names, restaurants and entertainment facilities, and residential property namely "Richlyfield • Outlets Town" (「裕田 • 奧特萊斯小鎮」).

As set out in the valuation reports which is annexed as Appendix IV to this circular and prepared by an independent qualified property valuer, the market value of the Land was approximately RMB1,304 million and RMB1,603 million as at 30 September 2012 and 31 December 2013 respectively.

During 2011 and 2012, the PRC government launched a series of regulatory control measures and policies to control the property market in the PRC. These regulatory control measures and polices had caused the shortage of working capital of the Group, thus the slowdown in the construction progress and the sales of properties of the Changsha Outlets Project. The Group had been contacting and negotiating with banks and financial institutions with the intention to raise additional funds for the Changsha Outlets Project. The State-owned Financial Institution was willing to provide funds to the Group for the Changsha Outlets Project provided that, among others, all shareholders of Hunan Richly Field can pledge the entire equity interest of Hunan Richly Field as a guarantee.

However, Zhongrong Trust, as the owner of 49.25% of equity interest in Hunan Richly Field, was not willing to pledge its equity interest to the State-owned Financial Institution as the guarantee for the fund to be provided by the State-owned Financial Institution. Instead, Zhongrong Trust expressed that it would like to exit the Changsha Outlets Project. After further discussions, the State-owned Financial Institution agreed to provide fund for the Group to acquire the 49.25% equity interest from Zhongrong Trust at a reasonable price. Having considered, among others, the need of additional funds for the Group as a whole, the prospect of the Changsha Outlets Project, the amount and the conditions of funds to be provided by the State-owned Financial Institution, the amount of Consideration for the Acquisition, the Group decided to enter into the Acquisition Agreement to acquire the 49.25% equity interest from Zhongrong Trust.

As set out in paragraphs headed "Settlement of the Consideration" above, apart from the Acquisition Agreement, through entering the Debt Assignment Agreement and Debt Restructuring Agreement, the Group has acquired the 49.25% equity interest in Hunan Richly Field from Zhongrong Trust using the fund provided by the State-owned Financial Institution.

As set out in the Company's annual report for the year ended 31 March 2012 and interim report for the six months ended 30 September 2012, in addition to the fund in the amount of RMB224.0 million for the Acquisition, the State-owned Financial Institution also provided additional fund or funding arrangement in the total amount of RMB320.0 million to the Group.

A Board meeting was held on 30 May 2013 to ratify and approve the Acquisition Agreement and the transactions contemplated thereunder. None of the Directors is considered to have material interest in the Acquisition Agreement and abstained from voting on the Board resolutions for ratifying and approving the transactions contemplated under the Acquisition Agreement.

The Directors consider that the Acquisition and the terms of the Acquisition Agreement (including the Consideration) were based on normal commercial terms and are fair and reasonable, and the Acquisition has provided a good opportunity for the Company to consolidate the Company's control over Hunan Richly Field at a reasonable price. After completion of the Acquisition Agreement, the Company would have more autonomy on the affairs of Hunan Richly Field, which, in the long term, would enhance the Group's overall profitability. Accordingly, the Directors are of the opinion that the Acquisition and the entering into the Acquisition Agreement are in the best interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACTS OF THE ACQUISITION TO THE GROUP

Completion of the Acquisition Agreement took place on 13 November 2012. Upon completion of the Acquisition Agreement, the Group's interest in Hunan Richly Field has increased from 50.75% to 100% and Hunan Richly Field has become indirect wholly-owned subsidiary of the Company.

As Hunan Richly Field has already been the Company's subsidiary and the financial results has been consolidated into the Group's financial statements before completion of the Acquisition Agreement, the financial impact was reflected on the profit/loss for the year attributable to owners of the Company.

As set out in the unaudited pro forma statement of assets and liabilities of the Enlarged Group in Appendix III to this circular, the net assets of the Group attributable to equity Shareholders (i.e. excluding minority interests) as at 30 September 2012 were approximately HK$478.5 million. For illustration purpose only, the net assets of the Enlarged Group attributable to equity Shareholders would be approximately HK$489.1 million assuming the completion of the Acquisition Agreement took place on 30 September 2012, representing an increase of approximately HK$10.6 million in the net assets value attributable to equity Shareholders.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 25% but are less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Therefore, the Acquisition should be subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Hunan Richly Field was a non-wholly-owned subsidiary of the Company and Zhongrong Trust was interested in approximately 49.25% equity interest in Hunan Richly Field, Zhongrong Trust was a connected person as defined under Rule14A.11 of the Listing

Rules. Therefore, the Acquisition also constitutes a non-exempt connected transaction for the Company and should be subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Company did not make an announcement after entering into the Acquisition Agreement and hold a Shareholders' meeting to seek the Independent Shareholders' approval on the Acquisition and the entering into of the Acquisition Agreement and the transactions contemplated thereunder, pursuant to the requirements under Chapter 14A of the Listing Rules, the Company was in breach of Rules 14A.47, 14A.48 and 14A.49 concerning reporting, announcement and independent shareholders' approval requirements, and Rule 14A.22 concerning independent financial advice requirements, of the Listing Rules.

SGM

The SGM will be convened for the purpose of, among others, considering, and if thought fit, ratifying and approving the Acquisition, the entering into of the Acquisition Agreement and the transactions contemplated thereunder, by the independent Shareholders pursuant to the requirements of Rule 14A.48 of the Listing Rules.

Zhongrong Trust and its associates will abstain from voting on the relevant resolutions in relation to the Acquisition, the entering into of the Acquisition Agreement and the transactions contemplated thereunder at the SGM.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon, and deposit it with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment of it if you so wish.

An announcement will be made by the Company after the SGM regarding the results of the SGM pursuant to the requirements of the Listing Rules.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 16 and 17 of this circular and the letter of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 18 to 27 of this circular in connection with the Acquisition Agreement and the transactions contemplated thereunder and the principal factors and reasons considered by the Independent Financial Adviser in arriving at such advice.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Acquisition was on commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolution to approve the Acquisition Agreement at the SGM as set out in the notice of the SGM.

Your attention is drawn to additional information set out in the appendices to this circular.

By order of the Board
Richly Field China Development Limited
Ma Jun
Chairman

RICHLY FIELD

RICHLY FIELD CHINA DEVELOPMENT LIMITED

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

(Stock Code: 313)

31 March 2014

To the Independent Shareholders

MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
ACQUISITION OF 49.25% EQUITY INTEREST IN
HUNAN RICHLY FIELD

Dear Sirs,

We refer to the circular of the Company dated 31 March 2014 (the "Circular") to the Shareholders, of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

We have been appointed as members of the Independent Board Committee to advise you as to whether, in our opinion, the terms of the Acquisition Agreement are fair and reasonable so far as the Independent Shareholders are concerned. Investec Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement.

Your attention is drawn to the "Letter from the Board" set out on pages 6 to 15 of the Circular which contains, inter alia, information about the terms of the Acquisition Agreement, and the "Letter from the Independent Financial Adviser" set out on pages 18 to 27 of the Circular which contains its advice in respect of the Acquisition Agreement together with the principal factors taken into consideration in arriving at such.

Having considered the terms of the Acquisition Agreement and having taken into account the factors and reasons considered by and the advice of the Independent Financial Adviser as stated in their letter dated 31 March 2014, we consider that (i) the entering into of the Acquisition Agreement is on normal commercial terms; (ii) the terms of the Acquisition Agreement are fair and reasonable so far as the interests of the Independent Shareholders are concerned; and (iii) the entering into of the Acquisition Agreement is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM to ratify and approve and the Acquisition Agreement.

Yours faithfully,
For and on behalf of
Independent Board Committee

Ms. Hsu Wai Man, Helen	**Mr. Chau Shing Yim, David**
Independent Non-executive Director	*Independent Non-executive Director*

The following is the text of the letter of advice from Investec Capital Asia Limited to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition Agreement and the transactions contemplated thereunder prepared for inclusion in this circular.

Investec

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31 March 2014

To the Independent Board Committee and
the Independent Shareholders of Richly Field China Development Limited

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
ACQUISITION OF 49.25% EQUITY INTEREST IN
HUNAN RICHLY FIELD

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Transaction, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular dated 31 March 2014 (the "**Circular**") of which this letter forms part. Capitalised terms used in this letter have the same meanings as those defined in the Circular unless the context otherwise specifies.

As set out in the Company's announcement dated 10 April 2013 and the Letter from the Board, the Company engaged internal control consultants to review the adequacy of the Company's corporate governance and internal control procedures. Hunan Richly Field was a non-wholly-owned subsidiary of the Company, which was owned as to 50.75% by the Group and as to 49.25% by Zhongrong Trust. During the internal control review and based on a company search on Hunan Richly Field, it was discovered that Richly Field BJ, a direct wholly-owned subsidiary of the Company, had replaced Zhongrong Trust and become interested in 49.25% equity interest in Hunan Richly Field on 13 November 2012.

As further set out in the Company's announcement dated 30 May 2013, the Company clarified and announced that on 7 November 2012, Richly Field BJ and Zhongrong Trust entered into the Acquisition Agreement, pursuant to which Richly Field BJ as the Purchaser acquired 49.25% equity interest in Hunan Richly Field from Zhongrong Trust as the Vendor at a cash consideration of RMB224,000,000. The Acquisition was completed on 13 November 2012.

As the remaining 50.75% equity interest in Hunan Richly Field is owned by Globe Outlets Holdings, an indirect wholly-owned subsidiary of the Company, after completion of the Acquisition Agreement, Hunan Richly Field has become a wholly-owned subsidiary of the Company. The entering into the Acquisition Agreement constitutes a non-exempt connected transaction for the Company under Rule14A.13 of the Listing Rules and should be subject to reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 25% but are less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules. The Acquisition is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Hunan Richly Field was a non-wholly-owned subsidiary of the Company and Zhongrong Trust was interested in approximately 49.25% equity interest in Hunan Richly Field, Zhongrong Trust was a connected person as defined under Rule14A.11 of the Listing Rules. Therefore, the Acquisition also constitutes a non-exempt connected transaction for the Company and should be subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, as the Company did not make an announcement after entering into the Acquisition Agreement and hold a Shareholders' meeting to seek the Independent Shareholders' approval on the Acquisition and the entering into of the Acquisition Agreement and the transactions contemplated thereunder, pursuant to the requirements under Chapter 14A of the Listing Rules, the Company was in breach of Listing Rules 14A.47, 14A.48 and 14A.49 concerning the reporting, announcement and independent shareholders' approval requirements, and Listing Rule 14A.22 concerning independent financial advice requirements, of the Listing Rules.

Zhongrong Trust and its associates will abstain from voting on the relevant resolutions in relation to the Acquisition, the entering of the Acquisition Agreement and the transactions contemplated thereunder at the SGM. The SGM will be convened for the purpose of, among others, considering, and if thought fit, ratifying and approving the Acquisition, the entering into of the Acquisition Agreement and the transactions contemplated thereunder.

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of (i) two executive Directors, namely Mr. Ma Jun (Chairman) and Mr. Wong Kin Fai; (ii) one non-executive Directors, namely Mr. Chen Wei; and (iii) two independent non-executive Director, namely Ms. Hsu Wai Man, Helen and Mr. Chau Shing Yim, David.

An Independent Board Committee comprising only two independent non-executive Director, namely Ms. Hsu Wai Man, Helen and Mr. Chau Shing Yim, David, has been established to advise the Independent Shareholders in respect of (i) the entering into of the Acquisition Agreement is on normal commercial terms; (ii) the terms of the Acquisition Agreement are fair and reasonable so far as the interests of the Independent Shareholders are concerned; and (iii) the entering into of the Acquisition Agreement is in the interests of the Company and the Independent Shareholders as a whole.

We have been appointed to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the Acquisition for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

III. BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Group and/or its senior management staff (the "**Management**") and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Group and/or the Management and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the Latest Practicable Date. We have assumed that all the opinions and representations for matters relating to the Group made or provided by the Directors contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Management and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all currently available information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group and/or the Management and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules including the notes thereto to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group.

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the Acquisition Agreement, we have taken into consideration the following principal factors:

1. Background information

1.1 Information of the Group

The principal activity of the Company is investment holding. The main subsidiaries are in property development, property management, building construction and maintenance industry, including building work, design, construction and maintenance and the trading of fashion wears and accessories. Their operations are mainly located in the PRC.

Set out below is the financial summary of the Group for the two years ended 31 March 2013 extracted from the annual report of the Company for the year ended 31 March 2013 (the "**2013 Annual Report**").

	For the year ended 31 March	
	2013	**2012**
	HK$'000	*HK$'000*
	(audited)	(audited)
Income Statement		
Revenue	27,943	50,843
Gross Profit/(loss)	(3,366)	11,633
Profit/(loss) for the year/period	(102,058)	(112,841)
– Attributable to owners of the Company	(96,901)	(91,907)
– Attributable to non-controlling interests	(5,157)	(20,934)
Balance Sheet		
Equity attributable to owners of the Company	469,927	850,295
Gearing ratio (total interest bearing borrowings/ total equity)	203%	44%

As set out in the 2013 Annual Report, the Group had not been able to generate any revenue from the sale of properties, and the revenue recorded for the two years ended 31 March 2013 was mainly attributable to construction revenue relating to the provision of construction services for some of the infrastructure and supporting facilities surrounding the Changsha Outlets Project, which was recognised based on the percentage of completion method in accordance with the relevant accounting policies.

During the year ended 31 March 2013, the Group completed the Acquisition and in addition to the fund in the amount of RMB224.0 million for the Acquisition, the State-owned Financial Institution also provided additional funds or funding arrangement in the total amount of RMB320.0 million to the Group. As a result, the interest-bearing bank and other borrowings of the Group increased from approximately HK$373.7 million as at 31 March 2012 to approximately HK$952.2 million as at 31 March 2013, and accordingly, the gearing ratio of the Group increased significantly from approximately 44% to 203%.

1.2 Information on the Hunan Richly Field

As set out in the Letter from the Board, Hunan Richly Field is principally engaged in property development and investments. After completion of the Joint Venture Agreement, Hunan Richly Field had become a non-wholly-owned subsidiary of the Company on 14 December 2010, which was owned as to 50.75% by the Company through Globe Outlets Holdings and as to 49.25% by Zhongrong Trust.

In 2009, through public auctions, Hunan Richly Field acquired the Land with a total area of approximately 1,500 mu located at Leifeng Road, Wangcheng County, Changsha, Hunan Province. The Land is to be developed into an outlet property development project, namely, Changsha Outlets Project.

We noted from the section headed "Financial Information of Hunan Richly Field" in Appendix II to the Circular that Hunan Richly Field recorded an audited loss after tax of approximately HK$28.9 million for the seven months ended 31 October 2013 and an audited net asset value of approximately HK$524.6 million as at 31 October 2013.

1.3 The Changsha Outlets Project

As set out in the Letter from the Board, the Changsha Outlets Project includes commercial property portion namely "Globe Outlets City" (環球奧特萊斯) comprising outlet shopping park and shops of well-known brand names, restaurants and entertainment facilities, and residential property namely "Richlyfield. Outlets Town" (裕田•奧特萊斯小鎮).

We note from the interim report of the Company for the six months ended 30 September 2013 (the "**2014 Interim Report**") and the 2013 Annual Report that the Company has made progress in the development of Changsha Outlets Project whereby the Company has obtained a pre-sale permit covering an area of 60,782 square meters ("**sq.m.**") as at 30 September 2013, as compared to the 48,170 sq.m. obtained as at 31 March 2012, while the Outlet Plaza has been substantially completed and is open to the public.

We were also advised by the Company that the sale of residential properties is in progress and the Company expects the Changsha Outlets Project to generate revenue from the sale of the properties from 2014.

1.4 Overview of property development market in Hunan

Based on the information published on the website (www.hntj.gov.cn) of the Hunan Survey Information Network (湖南統計信息網), a website developed and maintained by the Statistical Bureau of Hunan Province, Hunan's gross domestic product ("**GDP**") for the nine months ended 30 September 2013 was approximately RMB1,691.4 billion, representing an increase of approximately 10.2% as compared to the same period of 2012. Retail sales for the nine months ended 30 September 2013 was approximately RMB632.0 billion, representing an increase of approximately 13.4% as compared to the same period of 2012.

In addition, the total area of commodity properties sold in Hunan for the eleven months ended 30 November 2013 was approximately 48.9 million sq.m. (of which approximately 44.6 million sq.m. was residential properties), representing an increase of approximately 20.9% as compared to the same period in 2012.

In the fourth quarter of 2013, the PRC government increased the supply in the PRC property market in order to rein in the growth of the property market in the Hunan. Although such policy has been implemented to control overheating in the property market in the PRC, the Directors are of the view that such actions by the PRC government are interim steps and should, in the long run, facilitate the sustainable and healthy development of the Hunan property market.

Taking into account (i) the abovementioned positive trend of GDP, retail sales and commodity properties sold in Hunan; and (ii) the future plan of Changsha Outlets Project in particular it is expected to generate revenue from the sale of the properties from 2014 onward, the Company is of the view that the Group, through its investment in Changsha Outlets Project, will benefit from the long-term growth potential of the property market in Hunan.

2. Reasons for and benefits of the Acquisition

As set out in the Letter from the Board, during 2011 and 2012, the PRC government launched a series of regulatory control measures and policies to control the property market in the PRC. These regulatory control measures and policies had caused the shortage of working capital of the Group, which in turn resulted in the slowdown in the construction progress and the sales of properties of the Changsha Outlets Project. The Group had been contacting and negotiating with banks and financial institutions with the intention to raise additional funds for the Changsha Outlets Project. The State-owned Financial Institution was willing to provide funds to the Group for the Changsha Outlets Project provided that, among others, all shareholders of Hunan Richly Field would pledge the entire equity interest of Hunan Richly Field as a guarantee.

However, Zhongrong Trust, as the owner of 49.25% of equity interest in Hunan Richly Field, was not willing to pledge its equity interest to the State-owned Financial Institution as the guarantee for the fund to be provided by the State-owned Financial Institution. Instead, Zhongrong Trust expressed that it would like to exit the Changsha Outlets Project. After further discussions, the State-owned Financial Institution agreed to provide fund for the Group to acquire the 49.25% equity interest from Zhongrong Trust at a reasonable price. Having considered, among others, the need for additional funds for the Group as a whole, the prospect of the Changsha Outlets Project, the amount and the conditions of funds to be provided by the State-owned Financial Institution and the amount of Consideration for the Acquisition, the Group decided to enter into the Acquisition Agreement to acquire the 49.25% equity interest from Zhongrong Trust.

Apart from the Acquisition Agreement, through entering the Debt Assignment Agreement and Debt Restructuring Agreement, the Group has acquired the 49.25% equity interest in Hunan Richly Field from Zhongrong Trust using the funds provided by the State-owned Financial Institution.

As set out in the Company's annual report for the year ended 31 March 2012 and interim report for the six months ended 30 September 2012, in addition to the fund in the amount of RMB224.0 million for the Acquisition, the State-owned Financial Institution also provided additional funds or funding arrangement in the total amount of RMB320.0 million to the Group.

A Board meeting was held on 30 May 2013 to ratify and approve the Acquisition Agreement and the transactions contemplated thereunder.

Based on above, we understand that completion of the Acquisition Agreement enabled the Group to pledge the entire equity interest of Hunan Richly Field to the State-owned Financial Institution as a guarantee and in turn gained access to the funds provided by the State-owned Financial Institution which were necessary for continuing the development of the Changsha Outlets Project.

Taking into account (i) the progress in the development of Changsha Outlets Project, in particular the additional funds were necessary for continuing development of the Changsha Outlets Project; and (ii) the property market in Hunan as mentioned in the above section headed "1.4 overview of property development market in Hunan", we concur with the Directors' view that the Acquisition would, in the long term, enhance the Group's overall profitability and is in the interests of the Company and the Shareholders as a whole.

3. Terms of the Acquisition Agreement

The principal terms of the Acquisition Agreement are summarised as follows:

Date:	7 November 2012
Purchaser:	Richly Field BJ (a direct wholly-owned subsidiary of the Company)
Vendor:	Zhongrong Trust (holder of 49.25% of the issued share capital of the Hunan Richly Field)
Subject matter:	49.25% equity interest in Hunan Richly Field
Consideration:	Pursuant to the Acquisition Agreement, the Consideration is RMB224.0 million, which was payable by Richly Field BJ to Zhongrong Trust in cash within three business days from the date of the Acquisition Agreement (i.e. 7 November 2012)

As stated in the Letter from the Board, the Consideration was determined after arm's length negotiations between the Group and Zhongrong Trust having regarded to, among other things, (i) the total capital contribution of HK$231.0 million made by Zhongrong Trust to

Hunan Richly Field before the Acquisition Agreement was entered into; (ii) the market value of the Land held by Hunan Richly Field of approximately RMB1,304 million as at 30 September 2012 as prepared by an independent qualified property valuer; (iii) the prospect of the Changsha Outlets Project; and (iv) the net asset value of Hunan Richly Field in the amount of approximately HK$584.0 million as at 30 September 2012.

As stated in the Letter from the Board, the net asset value of Hunan Richly Field as at 30 September 2012 was approximately HK$584.0 million. Accordingly, the proportional net asset value of Hunan Richly Field as at 30 September 2012 attributable to 49.25% equity interest (the "**Historical NAV**") in Hunan Richly Field was approximately HK$287.6 million (equivalent to approximately RMB231.9 million[1]), representing a premium of approximately 3.5% to the Consideration of RMB224.0 million.

We note that Asset Appraisal Limited (the "**Valuer**") has been appointed to conduct the valuation on the Land as at 30 September 2012, details of which are set out in the section headed "Valuation Report of the Land" in Appendix IV to the Circular (the "**Valuation Report**"). We have reviewed the Valuation Report and discussed with the Valuer the methodology and the assumptions which they have adopted. We understand from the Valuer that they (i) have considered and applied various methodologies based on the development stages of the Land as at 30 September 2012, including comparison method, income capitalization approach and residual valuation method; (ii) have divided the Land into three sub-properties by their different development stages; and (iii) have applied income capitalization approach, residual valuation method and comparison method in valuing sub-property one, two and three to derive the values in light of the development stage, intended investment purposes and the availability of the market comparables. Following our discussion, we concur with the Valuer's view that the above mentioned valuation methodologies (including comparison method, income capitalization approach and residual valuation method) adopted by the Valuer are commonly used methodologies for determining the market value of such properties given the development stages of the respective properties as at 30 September 2012 and the availability of the market comparables. As set out in the Valuation Report, the market value of the Land as at 30 September 2012 was RMB1,304.0 million (equivalent to approximately HK$1,617.5 million) and as advised by the Company, the book value of the Land recognised in the financial statements of Hunan Richly Field was approximately HK$1,411 million as at 30 September 2012.

Given that (i) the Consideration represents a discount of approximately 3.5% to the Historical NAV and (ii) the prospect of the Changsha Outlets Project as stated above, we are of the view that the Consideration is fair and reasonable so far as the interests of the Independent Shareholders and in the interests of the Company and the Shareholders as a whole.

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1 An exchange rate of RMB1.00 = HK$1.24 as quoted on Bloomberg as at 7 November 2012 was applied

4. Financial effects to the Group upon the completion of the Acquisition Agreement

4.1 Total assets, and total liabilities and net asset value

As at 31 March 2012, the consolidated total assets and total liabilities of the Group were approximately HK$1,348.7 million and HK$766.3 million respectively. Since the financial results of Hunan Richly Field had been consolidated into the Group's financial statements before the completion of the Acquisition Agreement, there would be no financial effects to the consolidated total assets and total liabilities of the Group upon the completion of the Acquisition Agreement.

As set out in the Letter from the Board, the net assets of the Group attributable to equity Shareholders (i.e. excluding minority interests) as at 30 September 2012 were approximately HK$478.5 million. Assuming the completion of the Acquisition Agreement took place on 30 September 2012, the net assets of the Enlarged Group attributable to equity Shareholders would be approximately HK$489.1 million, representing an increase of approximately HK$10.6 million in the net assets value attributable to equity Shareholders.

4.2 Earnings

Hunan Richly Field recorded losses after tax for each of the two years ended 31 March 2013 of approximately HK$39.3 million and approximately HK$35.8 million, respectively.

As advised by the Company, the Changsha Outlets Project is in development stage and is expected to generate revenue from the sale of the properties from 2014 onwards, the Company considers the project would enhance the overall profitability of the Group upon completion sale of the properties but it would be immature to make any numerical prediction or forecast on the profitability of Hunan Richly Field. Consequently, we concur with the Company's view that the overall profitability of the Group would be improved upon completion sale of properties but are reserve from commenting on the numerical figures of the future financial performance of Hunan Richly Field.

4.3 Cash position and gearing ratio

Since the financial results of Hunan Richly Field had been consolidated into the Group's financial statements before the completion of the Acquisition Agreement, there would be no significant impacts on the cash position to the Group upon the completion of the Acquisition Agreement.

As set out in the section headed "Unaudited pro forma consolidated statement of financial position of the Enlarged Group" in Appendix III to the Circular and assuming completion of the Acquisition Agreement had taken place on 30 September 2012, the gearing ratio (i.e. total borrowing/total equity) of Group would increase from approximately 49.0% to approximately 133.1%. As discussed above, the Acquisition enabled the Group to pledge the entire equity interest of Hunan Richly Field to the State-owned Financial Institution as a guarantee and in turn gained access to the funds provided by the State-owned Financial Institution which was necessary for continuing the development of the Changsha Outlets Project. As stated in the Letter from the Board, pursuant Debt Restructuring Agreement, Richly Field BJ shall repay the Debt to the State-owned Financial Institution within two years from the date of the Debt Restructuring Agreement.

Based on above discussion, the Company considers that the Debt was necessary to facilitate the development of Changsha Outlets Project, which would, in turn, benefit the long-term growth to the Group. In addition, since Changsha Outlets Project is expected to generate revenue from sale of the properties from 2014, the Company believes that the Group's gearing ratio is expected to be improved in 2014 and the Debt would not affect the short-term liquidity of the Group.

V. RECOMMENDATION

Having considered the factors and analysis set out in this letter, we are of the opinion that (i) the entering into of the Acquisition Agreement is on normal commercial terms; (ii) the terms of the Acquisition Agreement are fair and reasonable so far as the interests of the Independent Shareholders are concerned; and (iii) the entering into of the each of the Acquisition Agreement is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to ratify and approve the Acquisition at the SGM.

Yours faithfully,
For and on behalf of
Investec Capital Asia Limited
Alexander Tai
Managing Director
Head of Corporate Finance

THREE YEARS FINANCIAL INFORMATION

The financial information of the Group for the three years ended 31 March 2011, 2012 and 2013 and the six months ended 30 September 2013 have been set out in the Company's annual reports and interim report for the three years ended 31 March 2011, 2012 and 2013 and for the six months ended 30 September 2013 respectively. All of the above reports were published on the website of the Stock Exchange (http://www.hkexnews.com.hk) and the website of the Company (http://www.richlyfieldchina.com).

STATEMENT OF INDEBTEDNESS

As at the close of business on 31 January 2014, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Enlarged Group had secured and un-secured interest-bearing bank and other borrowings amounted to approximately HK$1,621 million and HK$4 million respectively.

In connection with entrusted loans in the total amount of RMB1.2 billion (equivalent to approximately HK$1.513 billion), Mr. Leung Ho Hing provided a guarantee in favour of the entrust loans, and the Company provided a counter-guarantee in favour of Mr. Leung Ho Hing.

The Enlarged Group had the commitment in respect of property development expenditures, which is contracted but not provided with amount of HK$158.18 million, and authorized but not contracted with amount of HK$2,754.60 million.

The Enlarged Group has contingent liabilities arising from claims for compensation for failure to deliver the shop premises in one of its property development project and provisions of HK$1.65 million were recognized in this respect. While claims for compensation for some of the tenants were based on parameters which cannot be ascertained (e.g. monthly contingent rental charges over the tenants, which are based on certain percentages of the monthly turnover of the individual outlet shops), no reliable estimation can be made on the quantum of the potential compensation payables for such tenants as at 31 January 2014. No claim for compensation has been lodged against the Enlarged Group as at 31 January 2014. In addition, as set out in paragraphs headed "Working Capital" below, Hunan Richly Field may subject to a penalty in relation to land use rights contracts entered into with Wangcheng Land Bureau. As at 31 January 2014, the estimated maximum of such penalty was RMB272,688,000. However, as explained in paragraphs headed "Working Capital" below, the Directors are of the opinion that the crystallization of such penalty is not probable and will not be demanded.

Other than as disclosed above, and apart from intra-group liabilities and normal accounts payable in the ordinary course of business of the Enlarged Group, the Enlarged Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, bank loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits or hire purchase commitments, mortgage, charges, guarantees or other material contingent liabilities as at the close of business on 31 January 2014.

WORKING CAPITAL

Having taken into account the present financial resources available to the Enlarged Group (including internal resources, cash generated and to be generated in the future from the sales of the Enlarged Group's properties, existing available bank facilities and other loan facilities) and the supplemental loan agreement as announced by the Company on 9 January 2014 and 14 January 2014 (i.e. assuming the supplemental loan agreement will be renewed upon maturity on 5 January 2015), the Directors are of the view the Enlarged Group will have sufficient working capital to meet its present requirement for at least 12 months from the date of this circular.

Pursuant to two State-owned Construction Land Use Rights Sale Contracts (國有建設用地使用權出讓合同) (the "Land Use Rights Contracts") both entered into between Wangcheng Bureau of Land and Resources (望城區國土資源局) (the "Wangcheng Land Bureau") and Hunan Richly Field dated 28 October 2009 and 19 January 2010 respectively in relation to the acquisition of the Land, the construction works for the site area of 406,887 square meters and 651,666 square meters of the Land shall be completed on or before 20 August 2012 and 31 December 2012 respectively. Mainly due to series of adjustment measures and policies launched by the PRC government to control property market in the PRC in 2012, the construction and sales of property under the Changsha Outlets Project were behind the original schedule as set out in the Land Use Rights Contracts. As such, pursuant to the terms of the Land Use Rights Contracts, Hunan Richly Field may be subject to a delay daily penalty of 1‰ of the land premium which is payable to the Wangcheng Land Bureau. Based on estimation, the penalty payable to the Wangcheng Land Bureau may be approximately RMB251,200,000 as at 31 December 2013 (the "Possible Penalty").

Given that: (a) the Changsha Outlets Projects has already commenced its construction work in the middle of 2010, (b) although the construction work for the Changsha Outlets Project was behind the original schedule, it has been continuing progressing, (c) Changsha Outlets Project is one of the key property development projects in Wangchang Country, Changsha, and the local government has put emphasize and been supporting to this project; (d) with the entrusted loans in the total amount of RMB1.2 billion obtained in the end of 2013, Hunan Richly Field would expedite the construction work and sales of the Changsha Outlets Project, (e) as the Latest Practicable Date, Hunan Richly Field has not been informed or received any notice from Wangcheng Land Bureau regarding the Possible Penalty, and (f) the Directors consider that the Enlarged Group can satisfy the pre-agreed requirements of the relevant PRC authorities regarding the timetable and occupancy rate of the Changsha Outlets Project, the Directors has not accounted for the Possible Penalty when considering the sufficiency of working capital of the Enlarged Group for at least 12 months from the date of this circular.

The Directors draw attention to the estimation of the future cash flows of the Enlarged Group as adopted by them as detailed in the above paragraph regarding cash to be generated in the future from the sales of properties for the forecast period. In preparing the cash flow forecast, the Directors have assumed that the cash to be generated in the future from the actual sales of properties approximate the cash to be generated in the future from the sales of properties. While the Directors believe that the cash flow forecast is based on their best estimation of the cash to be generated in the future from the sales of properties, should the cash to be generated in the future from actual sales of properties differ materially from the cash to be generated in the future from the sales estimated by the Directors, such differences would have effect of increasing or decreasing the working capital to meet its present requirement for at least 12 months from the date of this circular.

FINANCIAL AND TRADING PROSPECTS

Looking forward, rigid demand will continue to drive the growth of mainstream property projects in core cities in the PRC, where property prices in first-tier and some second-tier cities will face some upward pressure. In addition, the newly launched policy of modern-mode urbanization is expected to bring new development opportunities and challenges to the property market. Although the property sector is a direct beneficiary under the new policy, in the course of promoting modern mode urbanization, it will bring, in addition to housing, relevant ancillary sectors to the region, such as service, commercial and industrial sectors, etc. Therefore, developers are bound to face higher demands in respect of their planning and professional capabilities. Besides, while the Central Government insists to adopt the property control policies and the scope of pilot property tax charge is expanding, the property sector will continue to accelerate its pace of optimizing, upgrading and innovative development, making it a trend of launching more remarkable products that are integrated and diversified.

Notwithstanding the general optimism of the property market, with refinancing now in place for the ongoing development of the Changsha Outlets Project, the Group will cautiously manage its property portfolio by swiftly reducing its inventory in respond to market changes, and will adjust its development projects to uphold the brand philosophy of “Richly Field Town”. Whilst strengthening its compliance by the engagement a compliance adviser and reinforcing its internal control by instituting an internal audit function, the Group will also carefully manage its finances and, through the association with its new substantial shareholder, to fully exploit the asset potentials of the Group. As announced by the Company on 17 December 2013 and 12 February 2014, three new Directors were appointed, and the Company believes that the Group will benefit from the recent appointments of new Directors who have strong background in property development and related industries and corporate finance and accounting industries.

The following are: A – The text of a report of Hunan Richly Field received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular; and B – Management discussion and analysis on Hunan Richly Field for the relevant period.

A. ACCOUNTANTS' REPORT OF HUNAN RICHLY FIELD FOR EACH OF THE THREE YEARS END 31 MARCH 2011, 2012 AND 2013, AND THE SEVEN MONTHS ENDED 31 OCTOBER 2013

22/F, CITIC Tower,
1 Tim Mei Avenue, Central,
Hong Kong

31 March 2014

The Directors
Richly Field China Development Limited

Dear Sirs,

We set out below our report on the financial information of 湖南裕田奧特萊斯置業有限公司 (Hunan Richly Field Outlets Real Estate Ltd) (the "Target Company") and its subsidiary (hereinafter collectively referred to as the "Target Group") comprising the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the three years ended 31 March 2011, 2012 and 2013, and the seven months ended 31 October 2013 (the "Relevant Periods"), and the consolidated statements of financial position of the Target Group as at 31 March 2011, 2012 and 2013 and 31 October 2013, and the statements of financial position of the Target Company as at 31 March 2011 and 2012 and 2013 and 31 October 2013, together with the notes thereto (the "Financial Information"), and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Target Group for the seven months ended 31 October 2012 (the "Comparative Financial Information"), prepared on the basis of preparation set out in note 2.1 of Section II below, for inclusion in the circular of Richly Field China Development Limited (the "Company") dated 31 March 2014 (the "Circular") in connection with the acquisition of 49.25% equity interest of the Target Company.

The Target Company was established in the People's Republic of China (the "PRC") on 2 March 2009 with limited liability.

As at the date of this report, the Target Company has direct interest in a subsidiary as set out in note 1 of Section II below. The Target Company and its subsidiary have adopted 31 December as their financial year end date. The statutory financial statements of the Target Company and its subsidiary were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Target Company have prepared consolidated financial statements of the Target Group (the "Underlying Financial Statements"), in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Underlying Financial Statements for each of the three years ended 31 March 2011, 2012 and 2013, and the seven months ended 31 October 2013 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

DIRECTORS' RESPONSIBILITY

The directors of the Target Company are responsible for the preparation of the Financial Information and the Comparative Financial Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Underlying Financial Statements, the Financial Information and the Comparative Financial Information that are free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Comparative Financial Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Comparative Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Comparative Financial Information.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of the Target Group and the Target Company as at 31 March 2011, 2012 and 2013 and 31 October 2013 and of the consolidated results and cash flows of the Target Group for each of the Relevant Periods.

REVIEW CONCLUSION IN RESPECT OF THE COMPARATIVE FINANCIAL INFORMATION

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Comparative Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

EMPHASIS OF MATTERS

Without qualifying our opinion and review conclusion, we draw attention to note 2.1 of Section II to the Financial Information which indicates that as at 31 October 2013, the Target Group had cash and bank balances of HK$6,102,000 and aggregate outstanding interest-bearing bank and other borrowings of HK$47,707,000 together with aggregate payables of HK$289,338,000, which are due within the next twelve months. These conditions, along with other matters as set forth in note 2.1 of Section II of the Financial Information, indicate the existence of a material uncertainty which may cast significant doubt about the Target Group's and the Target Company's ability to continue as a going concern.

I. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 March			Seven months ended 31 October	
		2011	2012	2013	2012	2013
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
REVENUE	*6*	50,580	50,843	27,943	16,934	72,918
Cost of sales		(34,205)	(31,152)	(29,229)	(18,945)	(51,989)
Gross profit/(loss)		16,375	19,691	(1,286)	(2,011)	20,929
Other income and gains	*6*	174,552	695	1,078	657	363
Selling expenses		(9,455)	(8,004)	(5,460)	(1,885)	(18,359)
Administrative expenses		(13,608)	(50,730)	(39,069)	(15,765)	(31,763)
Finance costs	*7*	–	(962)	(488)	(31)	(93)
PROFIT/(LOSS) BEFORE TAX	*8*	167,864	(39,310)	(45,225)	(19,035)	(28,923)
Income tax credit/(expense)	*11*	(43,292)	–	9,437	–	–
PROFIT/(LOSS) FOR THE YEAR/PERIOD	*12*	124,572	(39,310)	(35,788)	(19,035)	(28,923)
OTHER COMPREHENSIVE INCOME/(LOSS)						
Exchange differences on translation of foreign operations		12,863	28,985	109	(7,310)	6,716
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		12,863	28,985	109	(7,310)	6,716
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		137,435	(10,325)	(35,679)	(26,345)	(22,207)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	At 31 March 2011 HK$'000	At 31 March 2012 HK$'000	At 31 March 2013 HK$'000	At 31 October 2013 HK$'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	2,131	2,310	2,676	2,724
Investment properties	14	141,608	246,952	389,108	451,416
Prepaid land lease payments	15	622,354	641,127	592,352	593,184
Total non-current assets		766,093	890,389	984,136	1,047,324
CURRENT ASSETS					
Properties under development	17	244,735	416,610	657,389	687,092
Inventories	18	–	14,431	8,063	8,305
Prepayments, deposits and other receivables	19	12,890	16,821	20,172	38,068
Due from fellow subsidiaries	20	25,303	4,054	249	38,495
Due from related parties	20	–	1,246	1,471	1,459
Cash and bank balances	21	182,410	5,175	44,896	6,102
Total current assets		465,338	458,337	732,240	779,521
CURRENT LIABILITIES					
Trade payables	22	26,434	46,067	126,610	122,312
Amount due to a contract customer	23	204,428	160,593	131,590	57,404
Receipts in advance, other payables and accruals	24	24,991	78,264	142,933	386,631
Due to the ultimate holding company	20	218	3,942	4,335	4,389
Due to fellow subsidiaries	20	–	73,027	79,952	80,189
Due to related parties	20	–	1,707	–	189
Interest-bearing bank and other borrowings	25	–	87,206	103,218	47,707
Financial guarantee obligations	26	–	882	–	–
Provision	27	–	325	855	1,407
Tax payable		26,411	27,715	6,995	7,083
Total current liabilities		282,482	479,728	596,488	707,311
NET CURRENT ASSETS/ (LIABILITIES)		182,856	(21,391)	135,752	72,210
TOTAL ASSETS LESS CURRENT LIABILITIES		948,949	868,998	1,119,888	1,119,534
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	25	356,160	286,534	573,103	594,956
Net assets		592,789	582,464	546,785	524,578
EQUITY					
Paid-up capital	28	469,000	469,000	469,000	469,000
Reserves	29(a)	123,789	113,464	77,785	55,578
Total equity		592,789	582,464	546,785	524,578

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Paid-up capital *HK$'000*	Exchange translation reserve *HK$'000*	Statutory reserve funds *HK$'000*	Retained profits/ (accumulated losses) *HK$'000*	Total *HK$'000*
Three years ended 31 March 2011, 2012 and 2013					
At 1 April 2010	200,000	6,358	5,589	(25,593)	186,354
Profit for the year	–	–	6,657	117,915	124,572
Other comprehensive income for the year:					
Exchange differences on translation of foreign operations	–	12,863	–	–	12,863
Total comprehensive income for the year	–	12,863	6,657	117,915	137,435
Capital contribution by shareholders	269,000	–	–	–	269,000
At 31 March 2011 and 1 April 2011	469,000	19,221*	12,246*	92,322*	592,789
Loss for the year	–	–	–	(39,310)	(39,310)
Other comprehensive income for the year:					
Exchange differences on translation of foreign operations	–	28,985	–	–	28,985
Total comprehensive income/(loss) for the year	–	28,985	–	(39,310)	(10,325)
At 31 March 2012 and 1 April 2012	469,000	48,206*	12,246*	53,012*	582,464
Loss for the year	–	–	–	(35,788)	(35,788)
Other comprehensive income for the year:					
Exchange differences on translation of foreign operations	–	109	–	–	109
Total comprehensive income/(loss) for the year	–	109	–	(35,788)	(35,679)
At 31 March 2013 and 1 April 2013	469,000	48,315*	12,246*	17,224*	546,785
Loss for the year	–	–	–	(28,923)	(28,923)
Other comprehensive income for the period:					
Exchange differences on translation of foreign operations	–	6,716	–	–	6,716
Total comprehensive income/(loss) for the period	–	6,716	–	(28,923)	(22,207)
At 31 October 2013	469,000	55,031*	12,246*	(11,699)*	524,578

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)

	Paid-up capital *HK$'000*	Exchange translation reserve *HK$'000*	Statutory reserve funds *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
Seven months ended 31 October 2012 (Unaudited)					
At 31 March 2012 and 1 April 2012	469,000	48,206*	12,246*	53,012*	582,464
Loss for the period	–	–	–	(19,035)	(19,035)
Other comprehensive income for the period:					
Exchange differences on translation of foreign operations	–	(7,310)	–	–	(7,310)
Total comprehensive loss for the period	–	(7,310)	–	(19,035)	(26,345)
At 31 October 2012	469,000	40,896*	12,246*	33,977*	556,119

* These reserve accounts comprise the consolidated reserves of HK$123,789,000, HK$113,464,000, HK$77,785,000, HK$87,119,000 (unaudited) and HK$55,578,000 in the consolidated statements of financial position at 31 March 2011, 2012 and 2013, 31 October 2012 and 2013, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 March			Seven months ended 31 October	
	Notes	**2011**	**2012**	**2013**	**2012**	**2013**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax		167,864	(39,310)	(45,225)	(19,035)	(28,923)
Adjustments for:						
Bank interest income	6	(179)	(336)	(274)	(17)	(279)
Finance costs	7	–	962	488	31	93
Depreciation of property, plant and equipment	8	389	861	1,058	551	824
Amortisation of prepaid land lease payments	8	6,771	12,059	11,851	6,865	6,890
Provision for compensation	8	–	325	530	435	538
Write-down of inventories to net realisable value	8	–	4,825	6,858	–	–
Depreciation of investment properties	8	–	–	3,914	2,751	3,081
		174,845	(20,614)	(20,800)	(8,419)	(17,776)
Increase in prepayments, deposits and other receivables		(15,260)	(3,627)	(3,621)	(3,233)	(18,150)
Decrease/(increase) in inventories		–	(19,248)	(484)	4,819	(242)
Decrease/(increase) in properties under development		(91,727)	(129,584)	(162,973)	(56,916)	10,454
Decrease/(increase) in amounts due from fellow subsidiaries		(25,303)	21,249	3,808	1,014	(38,246)
Decrease/(increase) in amounts due from related parties		–	(1,245)	(224)	1,246	12
Increase/(decrease) in trade payables		26,434	19,597	80,543	51,352	(4,298)
Increase/(decrease) in receipts in advances, other payables and accruals		(66,088)	(151,205)	64,669	48,992	243,698
Increase/(decrease) in amounts due to a contract customer		116,319	160,593	(29,003)	(18,766)	(74,186)
Increase in amounts due to ultimate holding company		218	3,721	390	336	54
Increase/(decrease) in amounts due to fellow subsidiaries		(143,326)	72,986	6,925	46,692	237
Increase/(decrease) in amounts due to related parties		–	1,706	(1,706)	(1,707)	189
Decrease in financial guarantee obligation		–	882	(882)	–	–
Cash generated from/(used in) operations		(23,888)	(44,789)	(63,358)	65,410	101,746
Mainland China taxes paid		–	–	(11,123)	–	–
Net cash flows from/(used in) operating activities		(23,888)	(44,789)	(74,481)	65,410	101,746

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

		Year ended 31 March			Seven months ended 31 October	
	Notes	**2011**	**2012**	**2013**	**2012**	**2013**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment	*13*	(1,194)	(946)	(1,430)	(292)	(839)
Prepayment of land lease payment		(303,713)	–	–	–	–
Bank interest received		179	336	274	17	279
Construction costs for investment properties		(129,927)	(97,014)	(146,070)	(60,592)	(37,105)
Net cash flows used in investing activities		(434,655)	(97,624)	(147,226)	(60,867)	(37,665)
CASH FLOWS FROM FINANCING ACTIVITIES						
Additions of bank loans		369,201	–	311,890	–	14,637
Additions of other loans		–	–	3,490	21,437	43,904
Repayment of bank loans		–	–	(12,799)	(15,532)	(100,352)
Interest paid		(4,802)	(28,015)	(44,745)	(16,134)	(51,180)
Capital contribution from shareholders		269,000	–	–	–	–
Net cash flows from financing activities		633,399	(28,015)	257,836	(10,229)	(92,991)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		174,856	(170,428)	36,129	(5,686)	(28,910)
Cash and cash equivalents at beginning of year/period		2,797	182,410	5,175	5,175	44,896
Effect of foreign exchange rate changes, net		4,757	(6,807)	3,592	(2,528)	(9,884)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		182,410	5,175	44,896	3,911	6,102
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances		182,410	5,175	44,896	3,911	6,102

STATEMENTS OF FINANCIAL POSITION

	Notes	At 31 March 2011 HK$'000	2012 HK$'000	2013 HK$'000	At 31 October 2013 HK$'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	1,162	1,406	924	1,103
Investment properties	14	141,608	246,952	389,108	451,416
Prepaid land lease payments	15	622,354	641,127	592,352	593,184
Investment in the subsidiary	16	1,187	–	–	–
Total non-current assets		766,311	889,485	982,384	1,045,703
CURRENT ASSETS					
Properties under development	17	244,735	416,610	657,389	687,092
Prepayments, deposits and other receivables	19	12,515	14,636	16,683	34,561
Due from a subsidiary	16	1,389	–	–	–
Due from fellow subsidiaries	20	25,303	4,054	–	38,243
Due from related parties	20	–	1,246	75	–
Cash and bank balances	21	182,141	5,042	44,339	5,783
Total current assets		466,083	441,588	718,486	765,679
CURRENT LIABILITIES					
Trade payables	22	26,434	46,067	124,485	121,948
Amount due to a contract customer	23	204,428	160,593	131,590	57,404
Receipts in advance, other payables and accruals	24	24,145	76,866	141,134	383,524
Due to the ultimate holding company		218	3,942	4,335	4,389
Due to fellow subsidiaries	20	–	5,980	3,001	4,218
Due to the subsidiary	16	–	38,489	37,035	16,846
Due to related parties	20	–	1,707	–	189
Interest-bearing bank and other borrowings	25	–	87,206	103,218	47,707
Financial guarantee obligations	26	–	882	–	–
Provision	27	–	266	494	636
Tax payable		26,411	27,715	6,995	7,083
Total current liabilities		281,636	449,722	552,287	643,944
NET CURRENT ASSETS/ (LIABILITIES)		184,447	(8,134)	166,199	121,735
TOTAL ASSETS LESS CURRENT LIABILITIES		950,758	881,351	1,148,583	1,167,438
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	25	356,160	286,534	573,103	594,956
Net assets		594,598	594,817	575,480	572,482
EQUITY					
Paid-up capital	28	469,000	469,000	469,000	469,000
Reserves	29(b)	125,598	125,817	106,480	103,482
Total equity		594,598	594,817	575,480	572,482

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Target Company is a company with limited liability established in the PRC. The registered office of the Target Company is located at 558 Lei Feng Road, Wangcheng District, Changsha, Hunan Province, the PRC.

During the Relevant Periods, the Target Company and its subsidiary were involved in the following principal activities:

(i) property development;
(ii) property management;
(iii) construction and management; and
(iv) trading of fashion wear and accessories.

Particulars of the Target Company's subsidiary as at the end of the Relevant Periods are set out below:

Name	Place and date of registration and place of operations	Nominal value of registered capital	Percentage of equity attributable to the Target Company Direct	Principal activities
Changsha Yutianoutlets Business Administration Co., Limited* (長沙裕田奧特萊斯企業管理有限公司) *(note)*	The PRC/ Mainland China 24 November 2010	RMB1,000,000	100	Property management and trading of fashion wear and accessories

Note: Changsha Yutianoutlets Business Administration Co., Limited is registered as a limited liability company under the PRC Law. The statutory financial statements for the years ended 31 December 2010, 2011 and 2012 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Beijing Tian Chen Jianxiang Certified Public Accountants Co., Ltd.* (北京天辰佳翔會計師事務所有限公司), certified public accountants registered in the PRC.

* For identification purposes only

2.1 BASIS OF PREPARATION

Basis of preparation

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all 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. They have been prepared under the historical cost convention except for financial guarantee obligations, which have been measured at fair value. The Financial Information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

As at 31 October 2013, the Target Group had cash and bank balances of HK$6,102,000 and aggregate outstanding interest-bearing bank and other borrowings of HK$47,707,000 together with aggregate payables of HK$289,338,000, which were due within the next twelve months. The directors of the Target Company have taken steps to improve the Target Group's liquidity and solvency position. Subsequent to 31 October 2013, the Target Group has obtained entrusted loans in the aggregate amount of RMB1,200,000,000 (approximately equivalent to HK$1,514,520,000). Based on the management estimation of the future cash flows of the Target Group, after taking into account (i) the additional entrusted loans obtained after 31 October 2013; (ii) the subsequent sales of properties up to the date of this report; and (iii) a projection of the future sales of properties, the Target Group is able to generate sufficient funds to meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the Financial Information of the Target Group has been prepared on a going concern basis.

As disclosed in the published financial statements of the Company, as of 31 March 2013, the Company and its subsidiaries (the "Group") had cash and bank balances of HK$50,301,000 and aggregate outstanding interest-bearing bank and other borrowings of HK$105,712,000 together with aggregate payables of HK$244,522,000, which were due within the next twelve months. The directors of the Company have taken steps to improve the Group's liquidity and solvency position. Subsequent to 31 March 2013, the Group has obtained entrusted loans in the aggregate amount of RMB1,200,000,000 (equivalent to HK$1,513,000,000) through a bank established in the People's Republic of China (the "PRC") and entrusted by a company established in the PRC which is an independent third party. Based on the Company's management estimation of the future cash flows of the Group, after taking into account (i) the additional entrusted loans obtained after 31 March 2013; (ii) the subsequent sales of properties up to 6 December 2013, and (iii) a projection of the future sales of properties, the Group is able to generate sufficient funds to meet its financial obligations and when they fall due in the foreseeable future. The independent auditors' report on the consolidated financial statements of the Group for the year ended 31 March 2013 dated 6 December 2013 included an emphasis of matter paragraph in respect of the above.

Basis of consolidation

The Financial Information includes the financial information of the Target Group for each of the Relevant Periods. The financial statements of the subsidiary are prepared for the same reporting period as the Target Company, using consistent accounting policies. The results of the subsidiary are consolidated from the date on which the Target Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the Target Company. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below.

If the Target Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity, and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Target Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Target Group had directly disposed of the related assets or liabilities.

Operating Cycle

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

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Target Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in the Financial Information.

HKFRS 9	*Financial Instruments*[4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKFRS 14	*Regulatory deferral accounts*[3]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments*: *Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures Non-Financial Assets*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	Levies[1]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 July 2014

3 Effective for annual periods beginning on or after 1 January 2016

4 No mandatory effective date yet determined but is available for adoption

Further information about those HKFRSs that are expected to be applicable to the Target Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which results in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Target Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Target Group expects that these amendments will not have any impact on the Target Group as the Target Company is not an investment entity as defined in HKFRS 10.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Target Group upon adoption on 1 January 2014.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiary

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Target Company. Control is achieved when the Target Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Target Group the current ability to direct the relevant activities of the investee).

When the Target Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Target Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Target Group's voting rights and potential voting rights.

The results of the subsidiary are included in the Target Company's profit or loss to the extent of dividends received and receivable. The Target Company's investment in a subsidiary is stated at cost less any impairment losses.

Fair value measurement

The Target Group measures its financial guarantee at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Target Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Target Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Target Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than properties under development held for sale, inventories and financial assets) the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Target Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Target Group;
- (ii) has significant influence over the Target Group; or
- (iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Target Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Target Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Target Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Office equipment	15% to 33⅓%
Furniture and fixtures	15% to 20%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year/period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings that are held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.

Investment properties are measured initially at cost less accumulated depreciation and provision for any impairment in value. Depreciation is calculated on the straight-line basis over the expected useful lives ranging from 5 to 20 years.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year/period of the retirement or disposal.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Target Group is the lessor, assets leased by the Target Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Target Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise construction costs, borrowing costs, professional fees, payments for land use rights and other costs directly attributable to such properties incurred during the development period.

Sales deposits and instalments received in respect of the pre-sale of properties under development prior to completion of the development are included in current liabilities.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Target Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Target Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Target Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Target Group has transferred substantially all the risks and rewards of the asset, or (b) the Target Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Target Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Target Group continues to recognise the transferred assets to the extent of the Target Group's continuing involvement in the asset. In that case, the Target Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Target Group has retained.

Impairment of financial assets

The Target Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Target Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Target Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Target Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Target Group's financial liabilities include trade payables, other payables and accruals, amounts due to the ultimate holding company, fellow subsidiaries and related parties, financial guarantee obligation, and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial guarantee contract

Financial guarantee contract issued by the Target Group is a contract that requires a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Target Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within seven months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management.

For the purpose of the statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Target Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with an investment in a subsidiary, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with an investment in a subsidiary, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by the way of a reduced depreciation charge.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Target Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Target Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the sale of properties, when the risks and rewards of the properties are transferred to the purchasers, which is when the construction of the relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreement, and the collectibility of related receivables is reasonably assured;

(c) rental income from properties, in the period in which the properties are let and on a straight-line basis over the lease terms;

(d) construction revenue on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" below; and

(e) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contracts.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Other employee benefits

Pension schemes

The employees of the Target Group which operate in Mainland China are required to participate in central pension schemes operated by the local municipal governments. This subsidiary is required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalised rate ranging between 3.4% and 12.9% has been applied to the expenditure on the individual assets.

Foreign currencies

The Financial Information is presented in Hong Kong dollars, which is the Target Company's presentation currency. The Directors of the Company selected Hong Kong dollars as presentation currency as the ultimate holding company is listed in Hong Kong. Each entity in the Target Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Target Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currency of the Target Company's subsidiary is Renminbi. As at the end of the reporting period, the assets and liabilities of this entity are translated into the presentation currency of the Target Company at the exchange rates prevailing at the end of the reporting period and, its statement of profit or loss is translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the subsidiary are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Target Company which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Target Group's Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Target Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Information:

Classification between investment properties and owner-occupied properties

The Target Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Target Group considers whether a property generates cash flows largely independently of the other assets held by the Target Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Target Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period, are described below.

Valuation of properties under development

Properties under development are stated at the lower of cost and net realisable value. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion, which are estimated based on the best available information.

Impairment loss on other receivables

In determining whether impairment loss on other receivables is required, the Target Group takes into consideration the ageing status and the likelihood of collection. Following the identification of doubtful debts, the Target Group's responsible personnel discusses with the relevant customers and reports to management on the recoverability. Impairment loss is only made for receivables that are unlikely to be collected.

Impairment of non-financial assets

The Target Group assesses whether there are any indicators of impairment of all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Current tax and deferred tax assets

The Target Group is subject to income taxes in Mainland China. The Target Group carefully evaluates tax implications of transactions in accordance with the prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Target Group's provision for income taxes as there are many transactions and calculations of which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provision in the periods in which such determination is made. The carrying amounts of income tax payable, carried as a liability in the consolidated statement of financial position as at 31 March 2011, 2012 and 2013 and 31 October 2013 were HK$26,411,000, HK$27,715,000, HK$6,995,000 and HK$7,083,000, respectively.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. There was no deferred tax recognised with respect to tax losses at 31 March 2011, 2012 and 2013 and 31 October 2013. The amounts of unrecognised tax losses at 31 March 2011, 2012 and 2013 and 31 October 2013 were HK$443,000, HK$10,080,000, HK$9,194,000 and HK$3,975,000, respectively. Further details are contained in note 11 of this section.

Useful lives of depreciation assets

The Target Group's management exercises its judgement in estimating the useful lives of the depreciable assets. The estimated useful lives reflect the management's estimate of the periods the Target Group intends to derive future economic benefits from the use of these assets.

The Target Group depreciates the property, plant and equipment and investment properties in accordance with the accounting policies stated in note 3 of this section. The net carrying amounts of property, plant and equipment and investment properties are disclosed in notes 13 and 14 of this section, respectively.

Percentage of completion of construction contracts

The Target Group recognises revenue for construction contracts according to the percentage of completion of the individual construction contracts. The Target Group's management estimates the percentage of completion of construction contracts based on the actual cost incurred over the total budgeted cost, where corresponding contract revenue is also estimated by management. Because of the nature of the activity undertaken in construction contracts, the date at which the activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Target Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each construction contract as the contract progresses.

Write-down of inventories to net realisable value

Management reviews the aging analysis of inventories of the Target Group at the end of each reporting period, and makes provision for inventory items identified that are no longer suitable for sale. The assessment of the provision amount required involves management judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying value of the inventories and provision charge/write-back in the period in which such estimate has been changed. In addition, physical counts on all inventories are carried out on a periodical basis in order to determine whether provision needs to be made in respect of any obsolete inventories identified. The Target Group carries out an inventory review at the end of each reporting period and makes provision against obsolete and slow-moving items. Management reassesses the estimation at the end of each reporting period. The directors of the Target Company are satisfied that sufficient provision on obsolete and slow-moving inventories has been made in the Financial Information.

5. OPERATING SEGMENT INFORMATION

Over 90% of the Target Group's revenue, expenses and assets are generated from the Target Group's property development project in Changsha, Hunan Province, the People's Republic of China ("PRC") (the "Changsha Project") in Mainland China. The management of the Target Group makes decisions about resources allocation and assesses performance of the Target Group based on the operating results from and financial position of these business activities. Accordingly, the directors are of the opinion the Changsha Project in Mainland China is a single reportable operating segment of the Target Group.

An analysis of the Target Group's revenues from external customers for each group of similar products and services is disclosed in note 6 of this section.

The Target 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 Target Group are located in the PRC.

During the Relevant Periods, the Target Group had transactions with a single external customer which contributed over 10% to the Target Group's total revenue. The revenue generated from the sales to this customer for the years ended 31 March 2011, 2012 and 2013 and the seven months ended 31 October 2012 and 2013 amounted to HK$50,580,000, HK$50,554,000, HK$27,414,000, HK$16,777,000 (unaudited) and HK$71,592,000, respectively.

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Target Group's turnover, represents an appropriate proportion of contract revenue from construction contracts; the net invoiced value of goods sold, after allowance for returns and trade discounts and gross rental income received and receivable from investment properties during the Relevant Periods.

An analysis of the Target Group's revenue, other income and gains is as follows:

	Year ended 31 March			Seven months ended 31 October	
	2011	**2012**	**2013**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Revenue					
Construction revenue *(Note)*	50,580	50,554	27,414	16,777	71,592
Sale of fashion wear and accessories	–	289	518	157	1,294
Gross rental income	–	–	11	–	32
	50,580	50,843	27,943	16,934	72,918
Other income and gains					
Bank interest income	179	336	274	17	279
Exchange gains, net	–	–	–	5	–
Financial guarantee fee income	–	359	740	629	–
Government grant	174,345	–	–	–	–
Others	28	–	64	6	84
	174,552	695	1,078	657	363

Note: On 18 March 2010, the Target Company and Wangcheng Economic Development Zone Construction and Development Company Limited* (望城經開區建設開發公司, previously known as Wangcheng Development and Construction Investment Company Limited 望城縣開發建設投資總公司) ("Wangcheng Investment"), a state-owned entity, entered into a construction contract (the "Construction Contract"), pursuant to which Wangcheng Investment appointed the Target Company, as the primary constructor for some of the infrastructures and supporting facilities surrounding the Changsha Project, which mainly include municipal power facilities project, earth project, drainage and sewer project and gardens landscape project at a cash consideration of RMB251,474,000 (approximately equivalent to HK$310,797,000). Based on the percentage of completion method in accordance with the accounting policies stated in note 3 of this section, the Target Group recognised construction revenue of HK$50,580,000, HK$50,554,000, HK$27,414,000, HK$16,777,000 and HK$71,592,000, respectively in the consolidated statements of profit or loss and other comprehensive income for the years ended 31 March 2011, 2012 and 2013 and the seven months ended 31 October 2012 and 2013.

* For identification purposes only

7. FINANCE COSTS

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

	Year ended 31 March			Seven months ended 31 October	
	2011	**2012**	**2013**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Interest on bank and other loans wholly repayable within five years	4,802	28,015	44,745	16,134	51,180
Less: Interest capitalised	(4,802)	(27,053)	(44,257)	(16,103)	(51,087)
	–	962	488	31	93

The capitalisation rates used to determine the amount of borrowing costs eligible for capitalisation for the years ended 31 March 2011, 2012 and 2013 and the seven months ended 31 October 2012 and 2013 was 4.4%, 7.6%, 9.5%, 3.4% and 12.9%, respectively.

8. PROFIT/(LOSS) BEFORE TAX

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

	Year ended 31 March			Seven months ended 31 October	
	2011	2012	2013	2012	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Cost of inventories sold**	–	159	590	5,091	493
Cost of services provided**	34,205	26,168	17,867	11,104	48,415
Depreciation of property, plant and equipment	389	861	1,058	551	824
Depreciation of investment properties**	–	–	3,914	2,751	3,081
Provision for compensation	–	325	530	435	538
Write-down of inventories to net realisable value**	–	4,825	6,858	–	–
Amortisation of prepaid land lease payments	6,771	12,059	11,851	6,865	6,890
Less: Amount capitalised	(5,328)	(5,936)	(5,853)	(2,751)	(3,464)
	1,443	6,123	5,998	4,114	3,426
Minimum lease payments under operating leases in respect of land and buildings	320	911	1,003	585	1,726
Operating lease rentals in respect of leased properties:					
Minimum lease payments	–	–	–	–	32
Contingent lease payments*	–	–	11	–	–
	–	–	11	–	32
Employee benefit expense (including directors' remuneration *(note 9)*):					
Wages and salaries	2,496	7,802	8,689	3,459	8,166
Pension scheme contributions	91	670	817	333	369
	2,587	8,472	9,506	3,792	8,535
Auditors' remuneration	138	158	145	22	–
Exchange losses, net	149	132	3	14	–

* Contingent lease payments are calculated based on a percentage of relevant performance of the tenants pursuant to the rental agreements.

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

9. DIRECTORS' REMUNERATION

Directors' remuneration for the years ended 31 March 2011, 2012 and 2013 and the seven months ended 31 October 2012 and 2013, disclosed pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Target Group				
	Year ended 31 March			**Seven months ended 31 October**	
	2011	**2012**	**2013**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind	–	–	289	141	176
Pension scheme contributions	–	–	32	5	37
	–	–	321	146	213
	–	–	321	146	213

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

(a) Executive directors

	Fees	**Salaries, allowances and benefits in kind**	**Pension scheme contributions**	**Total remuneration**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2011				
Mr. Zhao Xiao Ming (趙小明)*	–	–	–	–
Mr. Lei Xiao Tian (雷小田)#	–	–	–	–
Mr. Yu Qian (余謙)*	–	–	–	–
	–	–	–	–
Year ended 31 March 2012				
Mr. Zhao Xiao Ming (趙小明)	–	–	–	–
Mr. Lei Xiao Tian (雷小田)	–	–	–	–
Mr. Yu Qian (余謙)	–	–	–	–
	–	–	–	–

* appointed on 17 November 2012

\# appointed on 5 July 2011

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Year ended 31 March 2013				
Mr. Zhao Xiao Ming (趙小明)	–	289	32	321
Mr. Lei Xiao Tian (雷小田)	–	–	–	–
Mr. Yu Qian (余謙)	–	–	–	–
	–	289	32	321
Seven months ended 31 October 2012 (Unaudited)				
Mr. Zhao Xiao Ming (趙小明)	–	141	5	146
Mr. Lei Xiao Tian (雷小田)	–	–	–	–
Mr. Yu Qian (余謙)	–	–	–	–
	–	141	5	146
Seven months ended 31 October 2013				
Mr. Zhao Xiao Ming (趙小明)	–	176	37	213
Mr. Lei Xiao Tian (雷小田)	–	–	–	–
Mr. Yu Qian (余謙)	–	–	–	–
	–	176	37	213

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 March 2011, 2012 and 2013 and the seven months ended 31 October 2012 and 2013 included one director, details of his remuneration are set out in note 9 of this section. Details of the remuneration for the Relevant Periods of the remaining five, five, four, five, four non-director, highest paid employees are as follows:

	Year ended 31 March			Seven months ended 31 October	
	2011	2012	2013	2012	2013
	HK$'000	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Salaries, allowances and benefits in kind	484	1,149	851	641	479
Pension scheme contributions	62	97	111	87	112
	546	1,246	962	728	591

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	No. of individuals				
	Year ended 31 March			Seven months ended 31 October	
	2011	**2012**	**2013**	**2012**	**2013**
				(Unaudited)	
Nil to HK$1,000,000	5	5	4	5	4

11. INCOME TAX CREDIT/EXPENSE

No provision for Hong Kong profits tax has been made for the Relevant Periods as the Target Group did not generate any assessable profits arising in Hong Kong during the Relevant Periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Target Group operates.

	Year ended 31 March			Seven months ended 31 October	
	2011	**2012**	**2013**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Target Group:					
Current – Mainland China	43,292	–	–	–	–
Overprovision in prior years/periods	–	–	(9,437)	–	–
Total tax expense/(credit) for the year/period	43,292	–	(9,437)	–	–

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax from continuing operations at the statutory rates for the jurisdictions in which the Target Company and its subsidiary is domiciled to the tax expense/(credit) at the effective tax rate is as follows:

	Target Group				
	Year ended 31 March			**Seven months ended 31 October**	
	2011	**2012**	**2013**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Profit/(loss) before tax	167,864	(39,310)	(45,225)	(19,035)	(28,923)
Tax at the statutory tax rate	41,966	(10,627)	(9,752)	(4,075)	(7,231)
Adjustments in respect of current tax of previous periods	–	–	(9,437)	–	–
Expenses not deductible for tax	883	547	558	207	3,256
Tax losses not recognised	443	10,080	9,194	3,868	3,975
Tax expense/(credit) for the year/period	43,292	–	(9,437)	–	–

At 31 March 2011, 2012 and 2013 and 31 October 2013, the Target Group has tax losses arising in Mainland China of Nil, HK$96,949,000, HK$93,870,000 and HK$49,476,000, respectively, that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in the entities that have been loss-making for some time and it is not considered probable that taxable profits will be available in the near future against which the tax losses can be utilised.

12. PROFIT/LOSS ATTRIBUTABLE TO OWNERS OF TARGET COMPANY

The consolidated profit/loss attributable to owners of the Target Company for the year ended 31 March 2011, 2012 and 2013 and the seven months ended 31 October 2012 and 2013 includes a profit of HK$7,699,000, loss of HK$32,187,000, HK$28,987,000, HK$19,884,000 (unaudited) and HK$10,127,000, respectively, which has been dealt with in the financial statements of the Target Company (note 29(b)).

13. PROPERTY, PLANT AND EQUIPMENT

Target Group

	Office equipment *HK$'000*	Furniture and fixtures *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
31 March 2011				
At 1 April 2010:				
Cost	114	–	1,372	1,486
Accumulated depreciation	(23)	–	(193)	(216)
Net carrying amount	91	–	1,179	1,270
At 1 April 2010, net of accumulated depreciation	91	–	1,179	1,270
Additions	279	16	899	1,194
Depreciation provided during the year	(56)	–	(333)	(389)
Exchange realignment	3	–	53	56
At 31 March 2011, net of accumulated depreciation	317	16	1,798	2,131
At 31 March 2011:				
Cost	398	16	2,331	2,745
Accumulated depreciation	(81)	–	(533)	(614)
Net carrying amount	317	16	1,798	2,131
31 March 2012				
At 31 March 2011 and 1 April 2011:				
Cost	398	16	2,331	2,745
Accumulated depreciation	(81)	–	(533)	(614)
Net carrying amount	317	16	1,798	2,131
At 1 April 2011, net of accumulated depreciation	317	16	1,798	2,131
Additions	333	302	311	946
Depreciation provided during the year	(184)	(43)	(634)	(861)
Exchange realignment	14	–	80	94
At 31 March 2012, net of accumulated depreciation	480	275	1,555	2,310
At 31 March 2012:				
Cost	751	319	2,757	3,827
Accumulated depreciation	(271)	(44)	(1,202)	(1,517)
Net carrying amount	480	275	1,555	2,310

	Office equipment *HK$'000*	Furniture and fixtures *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
31 March 2013				
At 1 April 2012:				
Cost	751	319	2,757	3,827
Accumulated depreciation	(271)	(44)	(1,202)	(1,517)
Net carrying amount	480	275	1,555	2,310
At 1 April 2012, net of accumulated depreciation	480	275	1,555	2,310
Additions	1,355	23	52	1,430
Depreciation provided during the year	(348)	(56)	(654)	(1,058)
Exchange realignment	(3)	(1)	(2)	(6)
At 31 March 2013, net of accumulated depreciation	1,484	241	951	2,676
At 31 March 2013:				
Cost	2,106	342	2,814	5,262
Accumulated depreciation	(622)	(101)	(1,863)	(2,586)
Net carrying amount	1,484	241	951	2,676
31 October 2013				
At 31 March 2013 and 1 April 2013:				
Cost	2,106	342	2,814	5,262
Accumulated depreciation	(622)	(101)	(1,863)	(2,586)
Net carrying amount	1,484	241	951	2,676
At 31 March 2013, net of accumulated depreciation	1,484	241	951	2,676
Additions	312	61	466	839
Depreciation provided during the period	(401)	(42)	(381)	(824)
Exchange realignment	18	3	12	33
At 31 October 2013, net of accumulated depreciation	1,413	263	1,048	2,724
At 31 October 2013:				
Cost	2,445	407	3,316	6,168
Accumulated depreciation	(1,032)	(144)	(2,268)	(3,444)
Net carrying amount	1,413	263	1,048	2,724

Target Company

	Office equipment *HK$'000*	Furniture and fixtures *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
31 March 2011				
At 1 April 2010:				
Cost	114	–	1,372	1,486
Accumulated depreciation	(23)	–	(193)	(216)
Net carrying amount	91	–	1,179	1,270
At 1 April 2010, net of accumulated depreciation	91	–	1,179	1,270
Additions	224	–	–	224
Depreciation provided during the year	(55)	–	(333)	(388)
Exchange realignment	3	–	53	56
At 31 March 2011, net of accumulated depreciation	263	–	899	1,162
At 31 March 2011:				
Cost	343	–	1,432	1,775
Accumulated depreciation	(80)	–	(533)	(613)
Net carrying amount	263	–	899	1,162
31 March 2012				
At 31 March 2011 and 1 April 2011:				
Cost	343	–	1,432	1,775
Accumulated depreciation	(80)	–	(533)	(613)
Net carrying amount	263	–	899	1,162
At 1 April 2011, net of accumulated depreciation	263	–	899	1,162
Additions	200	269	311	780
Depreciation provided during the year	(143)	(30)	(412)	(585)
Exchange realignment	11	(1)	39	49
At 31 March 2012, net of accumulated depreciation	331	238	837	1,406
At 31 March 2012:				
Cost	560	269	1,813	2,642
Accumulated depreciation	(229)	(31)	(976)	(1,236)
Net carrying amount	331	238	837	1,406

	Office equipment *HK$'000*	Furniture and fixtures *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
31 March 2013				
At 1 April 2012:				
Cost	560	269	1,813	2,642
Accumulated depreciation	(229)	(31)	(976)	(1,236)
Net carrying amount	331	238	837	1,406
At 1 April 2012, net of accumulated depreciation	331	238	837	1,406
Additions	110	5	52	167
Depreciation provided during the year	(162)	(51)	(432)	(645)
Exchange realignment	(1)	–	(3)	(4)
At 31 March 2013, net of accumulated depreciation	278	192	454	924
At 31 March 2013:				
Cost	671	273	1,867	2,811
Accumulated depreciation	(393)	(81)	(1,413)	(1,887)
Net carrying amount	278	192	454	924
31 October 2013				
At 31 March 2013 and 1 April 2013:				
Cost	671	273	1,867	2,811
Accumulated depreciation	(393)	(81)	(1,413)	(1,887)
Net carrying amount	278	192	454	924
At 31 March 2013, net of accumulated depreciation	278	192	454	924
Additions	90	–	466	556
Depreciation provided during the period	(110)	(31)	(249)	(390)
Exchange realignment	3	2	8	13
At 31 October 2013, net of accumulated depreciation	261	163	679	1,103
At 31 October 2013:				
Cost	770	277	2,359	3,406
Accumulated depreciation	(509)	(114)	(1,680)	(2,303)
Net carrying amount	261	163	679	1,103

14. INVESTMENT PROPERTIES

Target Group and Target Company

	Completed	Under construction	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2010	–	11,681	11,681
Additions	–	126,701	126,701
Exchange realignment	–	3,226	3,226
At 31 March 2011 and 1 April 2011	–	141,608	141,608
Additions	–	97,014	97,014
Exchange realignment	–	8,330	8,330
At 31 March 2012 and 1 April 2012	–	246,952	246,952
Additions	–	144,690	144,690
Transfer	44,036	(44,036)	–
Depreciation	(3,914)	–	(3,914)
Exchange realignment	348	1,032	1,380
At 31 March 2013 and 1 April 2013	40,470	348,638	389,108
Additions	–	56,685	56,685
Depreciation	(3,081)	–	(3,081)
Exchange realignment	485	8,219	8,704
At 31 October 2013	37,874	413,542	451,416

All the Target Group's investment properties were situated in Mainland China.

At 31 March 2011, 2012 and 2013 and 31 October 2013, the above investment properties were valued at HK$343,101,00, HK$510,200,000, HK$544,300,000 and HK$584,235,000, respectively, which were carried out by Asset Appraisal Limited, an independent firm of professionally qualified valuers, on an open market, existing use basis. The investment properties are leased to third parties under operating leases, further details of which are included in note 31(a) of this section.

At 31 March 2011, 2012 and 2013 and 31 October 2013, the Target Group's investment properties with a net carrying amount of HK$213,119,000, HK$221,877,000, HK$225,455,000 and HK$228,380,000, respectively were pledged to secure certain bank loans of the Target Group (note 25(a) of this section).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Target Group's investment properties:

	At 31 March 2011	2012	2013	At 31 October 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement for:				
Significant unobservable inputs (Level 3)				
Commercial properties	343,101	510,200	544,300	584,235

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

As the investment properties are measured initially at cost less accumulated depreciation and provision for any impairment in value. There is no movement of fair value measurements categorised within Level 3 of the fair value hierarchy.

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs
Commercial properties	Income Capitalization Approach	Estimated rental value

The Target Group has determined that the highest and best use of the industrial properties at the measurement date would be to convert those properties for residential purposes. For strategic reasons, the properties are not being used in this manner.

15. PREPAID LAND LEASE PAYMENTS

Target Group and Target Company

	Notes	At 31 March 2011	2012	2013	At 31 October 2013
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of the year/period		202,669	633,999	653,073	604,031
Addition		483,898	–	–	–
Recognised during the year/period		(6,771)	(12,059)	(11,851)	(6,890)
Transfer to properties under development	*17*	(63,531)	–	(37,186)	–
Exchange realignment		17,734	31,133	(5)	7,468
Carrying amount at the end of the year/period		633,999	653,073	604,031	604,609
Current portion included in prepayments, deposits and other receivables	*19*	(11,645)	(11,946)	(11,679)	(11,425)
Non-current portion		622,354	641,127	592,352	593,184

The Target Group's leasehold land are situated in Mainland China and are held under the following lease terms:

Target Group and Target Company

	At 31 March			At 31 October
	2011	**2012**	**2013**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Long term leases	412,407	426,560	383,391	384,798
Medium term leases	221,592	226,513	220,640	219,811
	633,999	653,073	604,031	604,609

At 31 March 2013 and 31 October 2013, the Target Group's leasehold land with net carrying amounts of HK$217,590,000 and HK$216,635,000, respectively, were pledged to secure certain bank loans of the Target Group (note 25(a)).

16. INVESTMENT IN A SUBSIDIARY

Details of the subsidiary are disclosed in note 1 to the Financial Information

	At 31 March			At 31 October
	2011	**2012**	**2013**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted shares, at cost	1,187	1,247	1,247	1,247
Less: Impairment loss	–	(1,247)	(1,247)	(1,247)
	1,187	–	–	–

An amount due from a subsidiary was unsecured, interest-free and had no fixed terms of repayment.

At 31 March 2012 and 2013 and 31 October 2013, amounts due to a subsidiary included in the Target Company's current liabilities of HK$38,489,000, HK$37,035,000 and HK$16,846,000, respectively are unsecured, interest-free and have no fixed terms of repayment.

17. PROPERTIES UNDER DEVELOPMENT

Target Group and Target Company

		At 31 March			At 31 October
		2011	**2012**	**2013**	**2013**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of year/period		98,512	244,735	416,610	657,389
Additions		81,205	157,659	198,803	21,053
Transfer from prepaid land lease payments	*15*	63,531	–	37,186	–
Exchange realignment		1,487	14,216	4,790	8,650
At end of year/period		244,735	416,610	657,389	687,092

At 31 March 2011, 2012 and 2013 and 31 October 2013, the Target Group's properties under development with aggregate carrying amounts of HK$104,275,000, HK$108,560,000, HK$172,576,000 and HK$171,818,000, respectively, were pledged to secure for certain bank loans of the Target Group (note 25(a)).

18. INVENTORIES

Target Group

	At 31 March			At 31 October
	2011	2012	2013	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Finished goods – fashion wear and accessories	–	14,431	8,063	8,305

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Target Group

		At 31 March			At 31 October
	Notes	2011	2012	2013	2013
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments		328	–	1,054	21,243
Deposits		424	478	698	607
Other receivables		493	4,397	6,741	4,793
Prepaid land lease payments	*15*	11,645	11,946	11,679	11,425
		12,890	16,821	20,172	38,068

Target Company

		At 31 March			At 31 October
		2011	2012	2013	2013
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments		170	–	–	17,941
Deposits		332	274	494	525
Other receivables		368	2,416	4,510	4,670
Prepaid land lease payments	*15*	11,645	11,946	11,679	11,425
		12,515	14,636	16,683	34,561

20. BALANCES WITH FELLOW SUBSIDIARIES AND RELATED PARTIES

Target Group

	At 31 March			At 31 October
	2011	2012	2013	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Due from fellow subsidiaries				
Changsha Richly Field Outlets Property Management Limited* (長沙裕田奧萊物業管理有限公司)	–	–	249	252
Richly Field BJ	25,303	4,054	–	38,243
	25,303	4,054	249	38,495
Due from related parties				
Zhongrong Trust	–	1,246	–	–
Huailai Dayi Wineries Company Limited* (懷來大一葡萄酒莊園有限公司) ("Huailai Dayi")	–	–	1,396	1,414
Jiangxi Outlets Brand Discount City Company Limited* (江西奧特萊斯名牌折扣城有限公司) ("Jiangxi Outlets")	–	–	75	45
	–	1,246	1,471	1,459

	Maximum outstanding balance during			
	the year ended 31 March			seven months ended 31 October
	2011	2012	2013	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Zhongrong Trust	–	1,246	1,246	–
Huailai Dayi	–	–	1,870	1,414
Jiangxi Outlets	–	–	75	75

Balances with the ultimate holding company, fellow subsidiaries and related parties are unsecured, interest-free and have no fixed terms of repayment.

* *For identification purposes only*

Target Company

	At 31 March			At 31 October
	2011	2012	2013	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Due from fellow subsidiaries				
Richly Field BJ	25,303	4,054	–	38,243
Due from related parties				
Zhongrong Trust	–	1,246	–	–
Jiangxi Outlets	–	–	75	45
	–	1,246	75	45

	Maximum outstanding balance during the year ended 31 March			seven months ended 31 October
	2011	2012	2013	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Zhongrong Trust	–	1,246	1,246	–
Jiangxi Outlets	–	–	75	75

Balances with the ultimate holding company, fellow subsidiaries and related parties are unsecured, interest-free and have no fixed terms of repayment.

21. CASH AND BANK BALANCES

Target Group

	At 31 March			At 31 October
	2011	2012	2013	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	182,410	5,175	7,997	6,102
Time deposits	–	–	36,899	–
	182,410	5,175	44,896	6,102

Target Company

	At 31 March			At 31 October
	2011	2012	2013	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	182,141	5,042	7,440	5,783
Time deposits	–	–	36,899	–
	182,141	5,042	44,339	5,783

At 31 March 2011, 2012 and 2013 and 31 October 2013, the cash and bank balances of the Target Group and the Target Company denominated in Renminbi ("RMB") amounted to HK$180,378,000, HK$3,176,000, HK$44,146,000 and HK$5,405,000 and HK$180,109,000, HK$3,044,000, HK43,588,000 and HK$5,037,000, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Target Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and seven months depending on the immediate cash requirements of the Target Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances and time deposits approximate to their fair values.

22. 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:

Target Group

	At 31 March			At 31 October
	2011	2012	2013	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	26,434	–	70,775	91,122
One to two years	–	46,067	55,835	31,190
	26,434	46,067	126,610	122,312

Target Company

	At 31 March			At 31 October
	2011	2012	2013	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	26,434	–	68,650	90,842
One to two years	–	46,067	55,835	31,106
	26,434	46,067	124,485	121,948

The trade payables are non-interest-bearing and repayable within normal operating cycle.

23. AMOUNT DUE TO A CONTRACT CUSTOMER

Target Group and Target Company

	At 31 March			At 31 October
	2011	2012	2013	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount due to a contract customer	(204,428)	(160,593)	(131,590)	(57,404)
Contract costs incurred plus recognised profits	54,382	110,991	140,168	217,733
Less: Progress billings	(258,810)	(271,584)	(271,758)	(275,137)
	(204,428)	(160,593)	(131,590)	(57,404)

24. RECEIPTS IN ADVANCE, OTHER PAYABLES AND ACCRUALS

Target Group

	At 31 March			At 31 October
	2011	2012	2013	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Receipts in advance	1,962	21,822	30,586	112,780
Deposits received	3,511	7,018	53,780	200,082
Other payables	19,159	48,746	57,841	72,124
Accruals	359	678	726	1,645
	24,991	78,264	142,933	386,631

Target Company

	At 31 March			At 31 October
	2011	2012	2013	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Receipts in advance	1,962	21,822	30,586	112,780
Deposits received	3,234	6,229	53,607	199,844
Other payables	18,666	48,140	56,317	69,789
Accruals	283	675	624	1,111
	24,145	76,866	141,134	383,524

Included in the deposits received HK$2,747,000, HK$6,229,000 and HK$52,903,000 and HK$199,194,000 represent the deposits received from the pre-sale of the residential properties and lease of commercial units of the Changsha Project by the Target Group and the Target Company as at 31 March 2011, 2012 and 2013 and 31 October 2013, respectively.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

Target Group and Target Company

	31 March 2011			31 March 2012			31 March 2013			31 October 2013		
	Effective interest rate	*Maturity*	*HK$'000*	*Effective interest rate*	*Maturity*	*HK$'000*	*Effective interest rate*	*Maturity*	*HK$'000*	*Effective interest rate*	*Maturity*	*HK$'000*
Current												
Bank loans – secured	–	–	–	6.4%	2013	87,206	6.4%	2014	99,728	–	–	–
Other loan – unsecured	–	–	–	–	–	–	6.1%-17.6%	2014	3,490	6.1%-6.64%	2014	47,707
			–			87,206			103,218			47,707
Non-current												
Bank loans – secured	6.4%	2013-2016	356,160	6.4%	2014-2016	286,534	6.4%	2015-2016	186,990	6.4%	2015-2016	191,084
Other loan – secured			–	–	–	–	16.1%	2015	386,113	16.1%	2015	403,872
			356,160			286,534			573,103			594,956
			356,160			373,740			676,321			642,663
Analysed into:												
Bank loans repayable:												
Within one year			–			87,206			99,728			–
In the second year			83,104			99,664			124,660			191,084
In the third to fifth years, inclusive			273,056			186,870			62,330			–
			356,160			373,740			286,718			191,084
Other loan repayable:												
Within one year			–			–			3,490			47,707
In the second year			–			–			386,113			403,872
			–			–			389,603			451,579
			356,160			373,740			676,321			642,663

Notes:

(a) Certain bank loans of the Target Group are secured by certain of the Target Group's assets with net carrying amounts as listed below:

	Notes	**At 31 March 2011**	**2012**	**2013**	**At 31 October 2013**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Investment properties	*14*	213,119	221,877	225,455	228,380
Prepaid land lease payments	*15*	–	–	217,590	216,635
Properties under development	*17*	104,275	108,560	172,576	171,818

(b) All of the Target Group's bank and other loans are denominated in RMB.

26. FINANCIAL GUARANTEE OBLIGATIONS

On 16 December 2011, an entrusted mortgage guarantee contract (the "Entrusted Mortgage Guarantee Contract") was entered into between the Target Group, as the guarantor, and Guangzhou Haimozhai Culture Activities Planning Company Limited ("Haimozhai"), as the borrower. On the same date, a guarantee contract (the "Guarantee Contract") and a mortgage contract (the "Mortgage Contract") were entered into between the Target Group, as the guarantor, and SPD Bank, as the lender. Pursuant to the Entrusted Mortgage Guarantee Contract, the Guarantee Contract and the Mortgage Contract, the Target Group provided a financial guarantee to SPD Bank of RMB22,230,000 (the "Guarantee") and the mortgage of a parcel of land with an area of 69,449 square meters located in Changsha, Hunan Province (the "Mortgage") to SPD Bank for the credit facility of RMB20,000,000 granted by SPD Bank to Haimozhai with a term of one year from 8 December 2011 to 8 December 2012. Further details of the transactions are set out in the Company's announcement dated 10 August 2012. The Guarantee and the Mortgage were released in October 2012.

27. PROVISION

In 2011 and 2012, the Target Group entered into a number of lease agreements (the "Tenancy Agreements") with its tenants in relation to the lease of certain shop premises developed under the Changsha Project. Pursuant to certain Tenancy Agreements, the shop premises shall be ready for lease during the period from August 2011 to May 2012.

During the year ended 31 March 2012, the PRC government launched a series of adjustment measures and policies to control the property market. These regulatory control measures and policies had caused the slowdown in the pre-sale of the properties under development of the Changsha Project, which in turn had added pressure on the Target Group's capital requirement and further resulted in the slowdown in the construction progress of the Changsha Project. As the results from the pre-sale of the properties under development of the Changsha Project were below the expectation of the Target Group, during the year ended 31 March 2012, the Target Group made certain adjustments to the original design of the Changsha Project, which include among others, adjustments to the floor design of a certain residential portion, and the allocation of the floor area among the residential portion, the commercial portion and the facilities, to meet the local demand. These adjustments which required the approval from the local relevant government authorities had also affected the construction progress of the Changsha Project. As the construction of the Changsha Project was behind the original schedule, during the year ended 31 March 2012, the Target Group was not able to deliver the shop premises to a number of tenants according to the agreed timetable set out in the Tenancy Agreements. Pursuant to the Tenancy Agreements, the tenants could terminate the agreements and/or claim against the Target Group for the delay in the delivery of the shop premises on the basis of loss incurred or the number of days delayed.

The Target Group has been in discussions with the tenants regarding the delay in the delivery of the shop premises. Some of the tenants have terminated the Tenancy Agreements with the Target Group with the initial deposits being refunded by the Target Group. For those tenants who are willing to continue their leases, the Target Group has been in discussions with them regarding the revised terms of agreements by offering them a certain discount on the leasing fees or a rent-free period as compensation for the delay. As at the date of this report, the Target Group has not received any claims for compensation from its tenants against the Target Group, and no estimation can be made on the quantum of such potential compensation. With respect to the terms of the Tenancy Agreements, for which the calculation of compensation has been specified, HK$325,000, HK$530,000 and HK$552,000 were recognised as provisions for such compensation as at 31 March 2012 and 2013, and 31 October 2013, respectively.

28. PAID-UP CAPITAL

	HK$'000
At 1 April 2010	200,000
Capital contribution from shareholders	269,000
At 31 March 2011, 2012 and 2013 and 31 October 2013	469,000

During the year ended 31 March 2011, the registered capital increased by contribution from the shareholders, the holding company and Zhongrong Trust, were HK$38,000,000 and HK$231,000,000, respectively.

29. RESERVES

(a) Target Group

The amounts of the Target Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity on pages II-6 to II-7.

(b) Target Company

	Exchange translation reserve	Statutory reserve funds	Retained profits	Total Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2010	421	5,589	(25,593)	(19,583)
Profit for the year	–	6,657	119,689	126,346
Other comprehensive income for the year:				
Exchange differences on translation of foreign operations	18,835	–	–	18,835
At 31 March 2011 and 1 April 2011	19,256	12,246	94,096	125,598
Loss for the year	–	–	(28,992)	(28,992)
Other comprehensive income for the year:				
Exchange differences on translation of foreign operations	29,211	–	–	29,211
At 31 March 2012 and 1 April 2012	48,467	12,246	65,104	125,817
Loss for the year	–	–	(19,551)	(19,551)
Other comprehensive income for the year:				
Exchange differences on translation of foreign operations	214	–	–	214
At 31 March 2013 and 1 April 2013	48,681	12,246	45,553	106,480
Loss for the period	–	–	(10,127)	(10,127)
Other comprehensive income for the period:				
Exchange differences on translation of foreign operations	7,129	–	–	7,129
At 31 October 2013	55,810	12,246	35,426	103,482

30. CONTINGENT LIABILITIES

(a) Save as disclosed in note 27, the Target Group may subject to claims for compensation for failure to deliver the shop premises of the Changsha Project and provisions of Nil, HK$325,000, HK$530,000 and HK$538,000 were recognised for the years ended 31 March 2011, 2012 and 2013 and the seven months ended 31 October 2013, respectively, in this respect. While claims for compensation for some of the tenants were based on parameters which cannot be ascertained at this stage (e.g. monthly contingent rental charges over the tenants, which are based on certain percentages of the monthly turnover of the individual outlet shops), no reliable estimation can be made on the quantum of the potential compensation payable for such tenants as at 31 October 2013. No claim for compensation has been lodged against the Target Group for the Relevant Periods.

(b) In addition, as disclosed in note 26, as at 31 March 2012, the Target Group provided the Guarantee to the extent of HK$27,694,000 (approximately equivalent to RMB22,230,000) to a bank in respect of banking facilities granted to Haimozhai. As at the date of this report, the Guarantee has been released.

(c) The Target Company has entered into two State-owned Construction Land Use Rights Sale Contracts (the "Land Use Rights Sale Contracts") with Wangcheng Bureau of Land and Resources (the "Wangcheng Land Bureau") in relation to the acquisitions of the land with site areas of 406,887 square meters and 651,666 square meters (the "Land") on 28 October 2009 and 19 January 2010, respectively.

Pursuant to the Land Use Rights Sale Contracts, the construction works for the Land (the "Changsha Outlets Projects") shall be completed on or before 20 August 2012 and 31 December 2012, respectively and subject to a daily penalty of 1‰, payable to Wangcheng Land Bureau, calculated based on the purchase consideration of the Land in respect of delay in completion of the construction (the "Penalty"). The directors are of the opinion that the crystallisation of the aforesaid Penalty, the maximum estimated amount of RMB216,752,000 as at 31 October 2013, is not probable due to the fact that up to the date of this report, the Target Company has not been informed or received any notice from Wangcheng Land Bureau regarding the Penalty. In additions as further detailed in note 37, the Target Company could be able to satisfy the pre-agreed requirements of the relevant PRC authorities such that the Penalty will not be demanded.

31. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Target Group leases its investment properties (note 14) and some other properties under operating lease arrangements, with leases negotiated for terms ranging from six months to twenty years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

(b) As lessee

The Target Group leases certain of its office properties and quarters under operating lease arrangements. The leases for the office properties and quarters are negotiated for terms of one year.

As at the end of each the Relevant Periods, the Target Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

		At 31 March		31 October
	2011	**2012**	**2013**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	99	583	84	71

32. COMMITMENTS

In addition to the operating lease commitments detailed in note 31(b) above, the Target Group had the following commitments in respect of property development expenditures at the end of each of the Relevant Periods:

	At 31 March			At 31 October
	2011	2012	2013	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracted, but not provided for	141,700	145,145	76,989	65,473
Authorised, but not contracted for	3,433,004	3,348,148	3,114,242	3,176,793
	3,574,704	3,493,293	3,191,231	3,242,266

33. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions disclosed elsewhere in the financial statements, the Target Group had the following transactions with related parties during the year/period.

	Year ended 31 March			Seven months ended 31 October	
	2011	2012	2013	2012	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Financial guarantee fee income from Haimozhai	–	359	740	629	–
Consultancy fee to Zhongrong Trust	5,812	22,264	1,693	–	1,718
Management fee paid to the ultimate holding company	–	756	–	–	–
Purchases from follow subsidiaries	–	9,640	434	–	–

(b) Compensation of key management personnel of the Target Group

	Year ended 31 March			Seven months ended 31 October	
	2011	2012	2013	2012	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Short term employee benefits paid to key management personnel	–	–	321	146	213

Further details of directors' emoluments are included in note 9 of this section.

34. FINANCIAL INSTRUMENTS BY CATEGORY

Except for financial guarantee obligation at which are measured at fair value, other financial assets and liabilities of the Target Group and the Target Company as at 31 March 2011, 2012 and 2013 are loans and receivables and financial liabilities at amortised cost, respectively.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Target Group's financial instruments:

Liability measured at fair value:

Target Group and Target Company

	At 31 March			At 31 October
	2011	**2012**	**2013**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Fair value measurement using significant unobservable inputs – Level 3				
Financial guarantee obligations	–	882	–	–

Liabilities for which fair values are disclosed

Target Group and Target Company

	At 31 March			At 31 October
	2011	**2012**	**2013**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Fair value measurement using significant unobservable inputs – Level 3				
Interest-bearing bank and other borrowings	351,529	371,523	668,314	597,967

The fair values of the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rate currently available for instruments with similar terms credit risk and remaining maturities.

The Target Group and Target Company did not have any financial assets measured at fair value as at 31 March 2011, 2012 and 2013 and 31 October 2013.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 for financial liabilities.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Group's principal financial instruments include other receivables, trade and other payables, cash and bank balances and bank and other borrowings. Details of the major financial instruments and the Target Group's relevant accounting policies are disclosed in note 3 of this section.

The main risks arising from the Target Group's financial instruments are interest rate risk, foreign currency risk, credit risk, equity price risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Target Group's exposure to changes in market interest rates relates primarily to the Target Group's cash and bank balances and bank loans with floating interest rates. The Target Group has not used any interest rate swaps to hedge its interest rate risk, and will consider hedging significant interest rate risk should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, and of the Target Group's profit/(loss) before tax. There is no material impact on other components of the Target Group's equity.

	Increase/(decrease) in profit/(loss) before tax
	HK$'000
31 March 2011	
Increase in 100 basis points	1,738
Decrease in 100 basis points	(1,738)
31 March 2012	
Increase in 100 basis points	3,685
Decrease in 100 basis points	(3,685)
31 March 2013	
Increase in 100 basis points	6,314
Decrease in 100 basis points	(6,314)
31 October 2013	
Increase in 100 basis points	6,366
Decrease in 100 basis points	(6,366)

Foreign currency risk

The Target Group's property development and investment business mainly operates in Mainland China and all transactions and all major cost items are denominated in RMB and the Target Group has no transactional currency exposure. The RMB is not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and in certain cases the remittance of currency out of Mainland China.

The Target Group currently does not have a foreign currency hedging policy. However, management monitors the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Credit risk

No credit terms are granted to the customers of the Target Group's property development and investment business.

The credit risk of the Target Group's other financial assets, which mainly comprise cash and cash equivalents and other receivables arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments. The Target Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 26 of this section.

Liquidity risk

The management of the Target Group aims to maintain sufficient cash and cash equivalents and available funding through an adequate amount of committed credit facilities to meet its construction commitments and other business operations.

The maturity profile of the Target Group's financial liabilities at the end of each of the Relevant Periods, based on the contractual undiscounted payments, was as follows:

Target Group

	At 31 March 2011				
	On demand or less than 1 year	**1 to 2 years**	**3 to 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest-bearing bank and other borrowings	22,919	102,293	294,677	–	419,889
Trade payables	26,434	–	–	–	26,434
Financial liabilities included in receipts in advance, other payables and accruals	19,518	–	–	–	19,518
Due to the ultimate holding company	218	–	–	–	218
	69,089	102,293	294,677	–	466,059

	At 31 March 2012				
	On demand or less than 1 year	**1 to 2 years**	**3 to 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest-bearing bank and other borrowings	107,342	114,566	194,656	–	416,564
Trade payables	46,067	–	–	–	46,067
Financial liabilities included in receipts in advance, other payables and accruals	49,424	–	–	–	49,424
Financial guarantee obligation	882	–	–	–	882
Due to the ultimate holding company	3,942	–	–	–	3,942
Due to fellow subsidiaries	73,027	–	–	–	73,027
Due to related parties	1,707	–	–	–	1,707
Provision	325	–	–	–	325
	282,716	114,566	194,656	–	591,938

	At 31 March 2013				
	On demand or less than 1 year	**1 to 2 years**	**3 to 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest-bearing bank and other borrowings	176,172	594,956	64,022	–	835,150
Trade payables	126,610	–	–	–	126,610
Financial liabilities included in receipts in advance, other payables and accruals	58,567	–	–	–	58,567
Due to the ultimate holding company	4,335	–	–	–	4,335
Due to fellow subsidiaries	79,952	–	–	–	79,952
Provision	855	–	–	–	855
	446,491	594,956	64,022	–	1,105,469

	At 31 October 2013				
	On demand or less than 1 year *HK$'000*	**1 to 2 years** *HK$'000*	**3 to 5 years** *HK$'000*	**Over 5 years** *HK$'000*	**Total** *HK$'000*
Interest-bearing bank and other borrowings	70,819	583,078	67,199	–	721,096
Trade payables	122,312	–	–	–	122,312
Financial liabilities included in receipts in advance, other payables and accruals	73,769	–	–	–	73,769
Due to the ultimate holding company	4,389	–	–	–	4,389
Due to fellow subsidiaries	80,189	–	–	–	80,189
Due to related parties	189	–	–	–	189
Provision	1,407	–	–	–	1,407
	353,074	583,078	67,199	–	1,003,351

Target Company

	At 31 March 2011				
	On demand or less than 1 year *HK$'000*	**1 to 2 years** *HK$'000*	**3 to 5 years** *HK$'000*	**Over 5 years** *HK$'000*	**Total** *HK$'000*
Interest-bearing bank and other borrowings	22,919	102,293	294,677	–	419,889
Trade payables	26,434	–	–	–	26,434
Financial liabilities included in receipts in advance, other payables and accruals	18,949	–	–	–	18,949
Due to the ultimate holding company	218	–	–	–	218
	68,520	102,293	294,677	–	465,490

	At 31 March 2012				
	On demand or less than 1 year *HK$'000*	**1 to 2 years** *HK$'000*	**3 to 5 years** *HK$'000*	**Over 5 years** *HK$'000*	**Total** *HK$'000*
Interest-bearing bank and other borrowings	107,342	114,566	194,656	–	416,564
Trade payables	46,067	–	–	–	46,067
Financial liabilities included in receipts in advance, other payables and accruals	48,815	–	–	–	48,815
Financial guarantee obligations	882	–	–	–	882
Due to the ultimate holding company	3,942	–	–	–	3,942
Due to fellow subsidiaries	5,980	–	–	–	5,980
Due to the subsidiary	38,489	–	–	–	38,489
Due to related parties	1,707	–	–	–	1,707
Provision	266	–	–	–	266
	253,490	114,566	194,656	–	562,712

	At 31 March 2013				
	On demand or less than 1 year	**1 to 2 years**	**3 to 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest-bearing bank and other borrowings	176,172	594,956	64,022	–	835,150
Trade payables	124,485	–	–	–	124,485
Financial liabilities included in receipts in advance, other payables and accruals	56,941	–	–	–	56,941
Due to the ultimate holding company	4,335	–	–	–	4,335
Due to fellow subsidiaries	3,001	–	–	–	3,001
Due to the subsidiary	37,035	–	–	–	37,035
Provision	494	–	–	–	494
	402,463	594,956	64,022	–	1,061,441

	At 31 October 2013				
	On demand or less than 1 year	**1 to 2 years**	**3 to 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest-bearing bank and other borrowings	70,819	583,078	67,199	–	721,096
Trade payables	121,948	–	–	–	121,948
Financial liabilities included in receipts in advance, other payables and accruals	70,900	–	–	–	70,900
Due to the ultimate holding company	4,389	–	–	–	4,389
Due to fellow subsidiaries	4,218	–	–	–	4,218
Due to the subsidiary	16,846	–	–	–	16,846
Due to related parties	189	–	–	–	189
Provision	636	–	–	–	636
	289,945	583,078	67,199	–	940,222

Capital management

The primary objective of the Target Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Target Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Target Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Target Group monitors capital using a gearing ratio, which is debts divided by equity attributable to owners of the Target Company. Debts include interest-bearing bank and other borrowings. The gearing ratios as at the end of each of the Relevant Periods were as follows:

Target Group

		At 31 March		At 31 October
	2011	2012	2013	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Debts	356,160	373,740	676,321	642,663
Equity attributable to owners of the Target Company	592,789	582,464	546,785	524,578
Gearing ratio	60%	64%	124%	123%

37. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Target Group entered into three entrusted loan agreements with a bank established in the PRC (the "Entrust Bank") in relation to three entrusted loans with a total amount of RMB1,200,000,000 (equivalent to HK$1,513,000,000) (the "Entrust Loans"). The details of the Entrust Loans are set out below:

(i) On 21 November 2013, the Target Group and the Entrust Bank entered into the first entrust loan agreement in relation to an entrusted loan of RMB540,000,000 (the "1st Entrust Loan") pursuant to which, the Entrust Bank was entrusted by a company established in the PRC (the "Lender") which is an independent third party. The 1st Entrust Loan has an initial term of three years and bears interest at 7.96% per annum. The 1st Entrust Loan can be extended for another two years with terms mutually agreed by both parties. Pursuant to the respective entrust loan agreement, the Target Group agreed to pledge parcels of land in a total area of approximately 404,801 square meters to the Entrust Bank in relation to the 1st Entrust Loan; and

(ii) On 5 December 2013, the Target Group and the Entrust Bank, which was entrusted by the Lender, entered into another two entrust loan agreements in relation to two tranches of entrust loans each amounting to RMB330,000,000, with a total amount of RMB660,000,000 (the "2nd and 3rd Entrust Loans"). Each of the 2nd Entrust Loan and the 3rd Entrust Loan has an initial term of three years and bears interest at 7.96% per annum. The 2nd and the 3rd Entrust Loans can be extended for another two years with terms mutually agreed by both parties. Pursuant to the respective entrust loan agreements, the Target Group agreed to pledge parcels of land in a total area of approximately 242,318 square meters and commercial properties under the development with a construction area of approximately 70,832 square meters to the Entrust Bank in relation to the 2nd and 3rd Entrust Loans.

On 18 December 2013, the Target Group and the Entrust Bank entered into supplemental entrust loan agreements, pursuant to which, among others, the interest rate of the Entrust Loans will be increased to 11.96% per annum. The tenure of the Entrust Loans will continue to be three years, but the Target Group's option to extend the tenure of the Entrust Loans will be cancelled. The Target Group however has a right to apply for the prepayment of the Entrust Loans.

The Entrust Loans are guaranteed by Leung Ho Hing ("Mr. Leung"), a former major shareholder and independent third party. In connection thereto, the Company provided counter-guarantee to Mr. Leung relating to the personal guarantee provided by Mr. Leung.

Up to the date of this report, successful drawdown of each the 1st Entrust Loan, 2nd Entrust Loan and the 3rd Entrust Loan has been made by the Target Group. Further material terms of the Entrust Loans were set out in the Company's announcements dated 25 November 2013, 6 December 2013 and 19 December 2013.

On 15 March 2014, the Target Company agreed with Hunan Wangcheng Economic Development Zone Management Committee (湖南望城經濟開發區管委會) and Changsha Municipal Land and Resources Economic Development Zone of Wangcheng Bureau Land and Resources Centre (長沙市望城區國土資源局經開區國土資源中心所) (collectively referred to the "relevant PRC authorities"), which are responsible for supervision of Changsha Outlets Projects and supervision of the Land, respectively, that (1) the Target Company has not been informed or received any notice regarding the Penalty; and (2) the relevant PRC authorities agreed with the Target Company that, if the occupancy rate of Phase I of Changsha Outlets Projects reach 75% by the end of June 2014 and the construction of Phase II of Changsha Outlets Projects commence by the end of December 2014, the relevant PRC authorities shall not request the Target Company to pay the Penalty. The directors are of the opinion that the Target Company could satisfy the aforesaid conditions, thus, it is not probable that the Penalty would be payable to Wancheng Land Bureau.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group or its subsidiary in respect of any period subsequent to 31 October 2013.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

B. MANAGEMENT DISCUSSION AND ANALYSIS ON HUNAN RICHLY FIELD FOR EACH OF THE THREE YEARS END 31 MARCH 2011, 2012 AND 2013, AND THE SEVEN MONTHS ENDED 31 OCTOBER 2013

The content of part B does not form part of the Accountants' report as presented in part A of this Appendix.

Business review

For the year ended 31 March 2011

During the year, the Target Group was committed to developing the Changsha Outlets Project. On 10 November 2010, Globe Outlets Holdings and Zhongrong Trust entered into the Joint Venture Agreement, pursuant to which the total registered capital of Hunan Richly Field was increased from HK$238.0 million to HK$469.0 million, and Zhongrong Trust subscribed for the additional registered capital of HK$231.0 million at a cash consideration of RMB200.0 million (equivalent to approximately HK$231.0 million). 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 Outlets Project. As of the end of 31 March 2011, the main construction of phase 1 of Changsha Outlets 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 Outlets Project, strongly improving the Target Group's image and competitiveness.

For the year ended 31 March 2012

During the year, the regulatory control measures launched by the PRC government had caused the slowdown in property sales of the Target Group, which in turn had added pressure on the Group's capital requirement and further resulted in the slowdown in the construction progress of the Changsha Outlets Project. However, during the year, the main structural work for the "Richlyfield • Outlets Town" Residential Phase 1 was completed. The area that obtained the pre-sale permit was 48,170 m2 and contracted area was 3,759.20 m2. The main construction for the "Outlets Shopping Plaza" North Zone, Commercial Phase 7, and "Outlets Town Shops", Commercial Phase 1, were also completed. Investment invitation activity is now underway. To promote investment invitation performance as well as to attract more tenants into both the "Outlets Shopping Plaza" and "Outlets Town Shops", the Target Group has engaged Horizon Group Properties L.P., a reputable US outlet operator, to provide professional service and advice on outlet business settings for the Target Group; and, coupled with this arrangement, the Target Group has imported from overseas branded fashion wears and accessories for sales in the outlet shops on a trial basis until all shops are leased out. Sales of these fashion wears and accessories to customers amounted to approximately HK$289,000 for the year ended 31 March 2012. The Target Group will consider diversifying into this business when circumstances are appealing to the Target Group. Up till now, Nike first opened its shop in "Outlets Shopping Plaza" North Zone on 1 May 2012, and satisfactory sale result was achieved on the first day. Brands such as Nero Giardini, Marina Militare, Gekko, Navigare, Adidas, New Balance, Zoteno, Dicos, Pizza Hut, Starbucks, KFC and Le Tian international cinema will join in succession later. Among them, Le Tian international cinema will become the theater of highest standard in Hunan. It is expected that, in the future, other international first tier luxury brands will also be present in "Outlets Shopping Plaza" in Changsha. The outlet business at the "Outlets Shopping Plaza" will gradually nurture the market, bringing not only a continued and stable rental income source for the Group, but also at the same time accumulating and enhancing the popularity and value of the residential project.

For the year ended 31 March 2013 and 7 months ended 31October 2013

During the year, infrastructure construction for Changsha Outlets Project is in progress and model rooms for the residential portion and the greening and landscaping works of the Changsha Outlets Project were further improved. Earth and stone construction works for the residential portion A also commenced during the year. As at 31 March 2013, the pre-sale permit for the area of 60,782 sq.m. in Changsha Outlets Project was obtained. For the commercial portion, the interior and exterior decorations, car parking spaces and greening works were partially completed. The Outlet Plaza has substantially been completed and is open to the public.

Marketing activities for the Changsha Outlets Project progressed smoothly. During 2013, the Target Group launched several promotion campaigns geared towards the Changsha Project, constantly seeking to optimize the product structure and increase the proportion of marketed products targeted for rigid demand. The direct-sale stores of Nike, Adidas, New Balance etc. have commenced business and recorded promising turnover. The interior decoration work was carried out for Le Tian international cinema which has an area of approximately 7,000 sq.m. above with 11 screens. The cinema will carry out its operation in January 2014. In addition, Pizza Hut, Starbucks, KFC automobile shuttle restaurant, The North Face, Puma and Polo gear would commence business one by one.

Financial Summary

Set out below is the financial summary extracted from the accountants' report on the Target Group for the year ended 31 March 2011, 2012 and 2013 and the seven months ended 31 October 2012 and 2013, respectively:

	Year ended 31 March			**Seven months ended 31 October**	
	2011	**2012**	**2013**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Turnover	50,580	50,843	27,943	16,934	72,918
Profit/(loss) before tax	167,864	(39,310)	(45,225)	(19,035)	(28,923)
Profit/(loss) after tax	124,572	(39,310)	(35,788)	(19,035)	(28,923)

Liquidity and financial resources

The Target Group mainly financed its operations and capital expenditures with the paid-up registered capital, the internally generated funds and loans from financial institutions in the PRC. For the three years ended 31 March 2013 and the period of ten months ended 31 October 2013, the Target Group employed its funds for its core activities and did not carry out any treasury activities. In the meanwhile, no foreign currency net investments are hedged by currency borrowings and other hedging instruments.

Set out below is a summary of the audited financial information relating to the assets and liabilities of the Target Group extracted from the accountants' report on the Target Group as at 31 March 2011, 2012 and 2013 and 31 October 2013, respectively:

	Note	**As at 31 March**			**As at 31 October**
		2011	**2012**	**2013**	**2013**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total assets		1,231,431	1,348,726	1,716,376	1,826,845
Total cash and bank balance		182,410	5,175	44,896	6,102
Total bank and other borrowings	*(1)*	356,160	373,740	676,321	642,663
Total liabilities		638,642	766,262	1,169,591	1,302,267
Net assets		592,789	582,464	546,785	524,578
Current ratio		1.65	0.96	1.23	1.10
Gearing ratio	*(2)*	60%	64%	124%	123%

(1) As at 31 March 2013 and 31 October 2013, an interest-bearing bank borrowing of RMB70 million from the State-owned Financial Institution bore fixed annual interest rate of 15%.

(2) The gearing ratio is calculated on the debts divided by equity attributable to owners of the parent. Debts include interest-bearing bank and other borrowings.

As at 31 March 2011

As at 31 March 2011, the Target Group's audited net assets and net current assets were HK$592,789,000 and HK$182,856,000, respectively. The Target Group had total cash and bank balances of HK$182,410,000 as at 31 March 2011, and the corresponding current ratio was approximately 1.65 (calculated as a ratio of current assets over current liabilities). As at 31 March 2011, the total bank and other borrowings of the Target Group were HK$356,610,000.

As at 31 March 2012

As at 31 March 2012, the Target Group's audited net assets and net current liabilities were HK$582,464,000 and HK$21,391,000, respectively. The Target Group had total cash and bank balances of HK$5,175,000 as at 31 March 2012, and the corresponding current ratio was approximately 0.96 (calculated as a ratio of current assets over current liabilities). As at 31 March 2012, the total bank and other borrowings of the Target Group were HK$373,740,000.

As at 31 March 2013

As at 31 March 2013, the Target Group's audited net assets and net current assets were HK$546,785,000 and HK$135,752,000, respectively. The Target Group had total cash and bank balances of HK$44,896,000 as at 31 March 2013, and the corresponding current ratio was approximately 1.23 (calculated as a ratio of current assets over current liabilities). As at 31 March 2013, the total bank and other borrowings of the Target Group were HK$676,321,000.

As at 31 October 2013

As at 31 October 2013, the Target Group's audited net assets and net current assets were HK$524,578,000 and HK$72,210,000, respectively. The Target Group had total cash and bank balances of HK$6,102,000 as at 31 October 2013, and the corresponding current ratio was approximately 1.10 (calculated as a ratio of current assets over current liabilities). As at 31 October 2013, the total bank and other borrowings of the Target Group were HK$642,663,000.

Material investment, acquisition and disposal of subsidiaries and associates

There was no significant investment or material acquisition or disposal for each of the three years ended 31 March 2013 and seven months ended 31 October 2013.

Numbers and remuneration of employees

The Target Group employed 73, 121, 167, 145 and 164 people in the PRC as at 31 March 2011, 2012 and 2013 and 31 October 2012 and 2013, respectively. Total staff costs incurred for the years ended 31 March 2011, 2012 and 2013 and the seven months ended 31 October 2012 and 2013 were approximately HK$2,587,000, HK$8,472,000, HK$9,506,000, HK$3,792,000 and HK$8,535,000, respectively.

Pledge of assets

As at 31 March 2011, 2012 and 2013 and 31 October 2013, property interest held by the Target Group with net carrying amount of HK$317,394,000, HK$330,437,000, HK$615,621,000 and HK$616,833,000 were pledged to a PRC bank and a financial institution for the Target Group's total bank and other borrowings. In addition, as at 31 March 2013 and 31 October 2013, the Debt from a financial institution to Richly Field BJ was secured by the Target Company's entire equity interest.

Exposure to foreign exchange

As the Target Group's bank or other borrowings, bank and cash balances and accruals, trade receivables and trade payables were mainly denominated in Renminbi, the Target Group had not significant exposure to foreign currency fluctuation.

Contingent liabilities

In 2011 and 2012, the Target Group entered into a number of lease agreements (the "Tenancy Agreements") with its tenants in relation to the lease of certain shop premises developed under the Changsha Project. Pursuant to certain Tenancy Agreements, the shop premises shall be ready for lease during the period from August 2011 to May 2012.

During the year ended 31 March 2012, the PRC government launched a series of adjustment measures and policies to control the property market. These regulatory control measures and policies had caused the slowdown in the pre-sale of the properties under development of the Changsha Project, which in turn had added pressure on the Target Group's capital requirement and further resulted in the slowdown in the construction progress of the Changsha Project. As the results of the pre-sale of the properties under development of the Changsha Project was below the expectation of the Target Group, during the year ended 31 March 2012, the Target Group made certain adjustments to the original design of the Changsha Project, which include among others, adjustments to the floor design of the certain residential portion, and the allocation of the floor area among the residential portion, the commercial portion and the facilities, to meet the local demand. These adjustments which required the approval from the local relevant government authorities had also affected the construction progress of the Changsha Project. As the construction of Changsha Project was behind the original schedule, during the year ended 31 March 2012, the Target Group was not able to deliver the shop premises to a number of tenants according to the agreed timetable set out in the Tenancy Agreements. Pursuant to the Tenancy Agreements, the tenants could terminate the agreements and/or claim against the Target Group for the delay in the delivery of the shop premises on the basis of loss incurred or the number of days delayed.

The Target Group has been in discussions with the tenants regarding the delay in the delivery of the shop premises. Some of the tenants have terminated the Tenancy Agreements with the Target Group with the initial deposits being refunded by the Target Group. For those tenants who are willing to continue its lease, the Target Group has been in discussions with them regarding the revised terms of agreements by offering them certain discount on the leasing fees or rent-free period as compensation for the delay. As at the date of this report, the Target Group has not received any claims for compensation from its tenants against the Target Group, and no estimation can be made on the quantum of such potential compensation. With respect to the terms of the Tenancy Agreements, for which the calculation of compensation have been specified, HK$325,000, HK$530,000 HK$435,000 and 538,000 was recognised as provisions for such compensation as at 31 March 2012 and 2013 and 31 October 2012 and 2013, respectively.

1. UNAUDITED PROFORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

A. INTRODUCTION

Completion of the Acquisition took place on 13 November 2012. The audited consolidated financial statements of the Company for the year ended 31 March 2013 has been published by the Company, and the actual financial impacts of the Acquisition have been reflected in the Company's audited consolidated financial statements for the year ended 31 March 2013.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group has been prepared in accordance with the Rule 4.29 of the Listing Rules for the purpose of illustrating the effects of the Acquisition as if the Acquisition took place on 30 September 2012.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group is prepared based on the unaudited consolidated financial information of the Group as at 30 September 2012 as set out in Appendix I to this circular, after making pro forma adjustments relating to the Acquisition.

The accompanying unaudited pro forma statement of assets and liabilities of the Enlarged Group has been prepared based on a number of assumptions, estimates, and uncertainties. Accordingly, unaudited pro forma statement of assets and liabilities of the Enlarged Group does not purport to describe the actual financial position of the Group that would have been attained has the Acquisition been completed on 30 September 2012, nor purport to predict the Group's future financial position.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group should be read in conjunction with the historical financial information on the Group as set out in Appendix I to this circular, historical financial information of Hunan Richly Field as set out in Appendix II to this circular, historical and other financial information included elsewhere in this circular.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group has been prepared by the Directors for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of financial position of the Group following completion of the Acquisition.

B. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP AS AT 30 SEPTEMBER 2012

	Unaudited consolidated statement of financial position of the Group as at 30 September 2012 *Note (1)* *HK$'000*	Pro forma adjustments for the Acquisition *HK$'000*	*Notes*	Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 September 2012 *HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	4,648	–		4,648
Investment properties	302,655	–		302,655
Prepaid land lease payments	614,943			614,943
Investment in associates	28,753	–		28,753
	950,999	–		950,999
CURRENT ASSETS				
Properties under development for sale	473,718			473,718
Inventories	13,687	–		13,687
Prepayments, deposits and other receivables	44,774			44,774
Loan to an associate	83,515			83,515
Cash and bank balances	9,448	–		9,448
	625,142	–		625,142
CURRENT LIABILITIES				
Trade payables	116,659	–		116,659
Amount due to a contract customer	147,855			147,855
Receipts in advance, other payables and accruals	136,420			136,420
Interest-bearing bank and other borrowings	32,771			32,771
Financial guarantee obligation	866			866
Provision	655			655
Tax payable	33,398			33,398
	468,624	–		468,624
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	342,384	276,031	*(2)*	618,415
TOTAL NON CURRENT LIABILITIES	342,384			618,415
NET CURRENT ASSETS	156,518	–		156,518
TOTAL NET ASSETS	765,133	–		489,102

B. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP AS AT 30 SEPTEMBER 2012

	Unaudited consolidated statement of financial position of the Group as at 30 September 2012	**Pro forma adjustments for the Acquisition**		**Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 September 2012**
	Note (1)		*Notes*	
	HK$'000	*HK$'000*		*HK$'000*
EQUITY				
Share capital	444,044	–		444,044
Reserves	34,406	10,652	*(3)*	45,058
EQUITY ATTRIBUTABLES TO OWNERS OF THE COMPANY	478,450			489,102
NON-CONTROLLING INTERESTS	286,683	(286,683)	*(4)*	–
TOTAL EQUITY	765,133			489,102

Notes:

(1) In preparing the unaudited consolidated financial statements for the six months period ended 30 September 2013, the Company identified errors and omissions in its presentation and disclosures of certain transactions and balances in the previously issued condensed consolidated financial statements for the six months period ended 30 September 2012. The unaudited pro-forma statement of assets and liabilities of the Enlarged Group has been prepared based on the restated consolidated statement of financial position of the Group as at 30 September 2012. The errors and omissions identified set out below are for reference only.

Those errors and omissions include: (i) prepaid land lease payments incorrectly included in "Investment properties"; (ii) prepaid land lease payments in respect of undeveloped land parcels construction were incorrectly included in "Properties under development" and were not amortised over the respective terms of the land leases, (iii) certain administrative expenses were incorrectly capitalised in "Investment properties" and "Properties under development"; (iv) construction revenue was not recognised in accordance with the percentage of completion method under HKAS 11 *Construction Contracts*; and (v) share of losses of associates was incorrectly calculated in respect of corporate income tax.

Set out below are the effects and adjustments made on the condensed consolidated statement of financial position as at 30 September 2012:

	The Group as previously reported *HK$'000*	**Error adjustments** *HK$'000*	**The Group as restated** *HK$'000*
Increase/(decrease)			
ASSETS			
Property, plant and equipment	4,735	(87)	4,648
Investment properties	591,057	(288,402)	302,655
Prepaid land lease payments	–	614,943	614,943
Investments in associates	58,664	(29,911)	28,753
Properties under development	893,919	(420,201)	473,718
Inventories	16,689	(3,002)	13,687
Prepayments, deposits and other receivables	12,784	31,990	44,774
Loan to an associate	99,910	(16,395)	83,515
Amount due from related parties	485	(485)	–
Cash and bank balances	9,581	(133)	9,448
LIABILITIES			
Trade payables	20,063	96,596	116,659
Amount due to a contract customer	–	147,855	147,855
Receipt in advance, other payables and accruals	436,076	(299,656)	136,420
Amounts due to associates	3,074	(3,074)	–
Amounts due to related parties	146	(146)	–
Interest-bearing bank and other borrowings	373,980	1,175	375,155
Financial guarantee obligation	123	743	866
Provision	325	330	655
Tax payable	21,435	11,963	33,398
EQUITY			
Reserves	107,919	(73,513)	34,406
Non-controlling interests	280,639	6,044	286,683

(2) As set out in page 8 under the paragraph headed "Settlement of the Consideration" under the section headed "Letter from the Board" in this circular, the Consideration was settled by way of an assignment of the Debt by entering into the Debt Assignment Agreement and Debt Restructuring Agreement between Richly Field BJ and the State-owned Financial Institution. The adjustment reflects the increase in borrowing of the Group as a result of the settlement of the Consideration by way of an assignment of the Debt.

(3) The adjustment reflects the gain on bargain purchase of the Acquisition which is arrived at the non-controlling interests of HK$286,683,000 less the Consideration of HK$276,031,000 assuming that there is no direct cost attributable to the Acquisition.

(4) The adjustment reflects the effect of the derecognition of the minority interests of the Target Company in the amount of HK$286,683,000 as a result of the Acquisition and the consolidation of 100% equity interest in the Target Group into the Group.

2. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP AS AT 30 SEPTEMBER 2012

The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

To the Directors of Richly Field China Development Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Richly Field China Development Limited (the "Company") and its subsidiaries (hereinafter collectively referred to the "Group") immediately after the completion of Acquisition as defined below by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated statement of financial position as at 30 September 2012 and for the six months ended 30 September 2012, and related notes as set out in Appendix III to the circular dated 31 March 2014 (the "Circular") issued by the Company (the "Pro Forma Financial Information") in connection with the acquisition (the "Acquisition") of 49.25% equity interest in Hunan Richly Field Outlets Real Estate Ltd. (the "Target Company", together with its subsidiary, referred to as the "Target Group") by the Group. The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in section headed "Introduction" in Section A of Appendix III to the Circular.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Acquisition on the Group's financial position as at 30 September 2012 as if the transaction had taken place at 30 September 2012. As part of this process, information about the Group's financial position has been extracted by the Directors from the Company's published interim report for the period ended 30 September 2012 with certain prior year adjustments made as described in section B – Note (1) of Appendix III to the Circular.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountant's responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Acquisition on unadjusted financial information of the Group as if the Acquisition had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Acquisition, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the Acquisition in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Emphasis of Matters

Without qualifying our opinion, we draw attention that the Pro Forma Financial Information has been prepared under the basis as stated in Note (1) of section B to Appendix III. The source information for preparing the Pro Forma Financial Information was extracted from the interim report for the period ended 30 September 2012 which was issued by Pan-China (H.K.) CPA Limited contained an emphasis of matters in regards of the going concern uncertainty.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The following is the text of a letter, summary of valuation and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Ltd., an independent valuer, in connection with its valuation as at 30 September 2012 and 31 December 2013 of the property interests held by the Company or its subsidiaries.

Asset Appraisal Limited
中誠達資產評值顧問有限公司
Rm 901 9/F On Hong Commercial Building
No.145 Hennessy Road Wanchai HK
香港灣仔軒尼詩道145號安康商業大廈9樓901室
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31 March 2014

The Board of Directors
Richly Field China Development Limited
Suite 506, ICBC Tower
3 Garden Road, Central
Hong Kong

Dear Sirs,

Re: Valuation of Development Site of Globe Outlets City & Richlyfield. Outlet Town situated in Wangcheng District, Changsha City, Hunan Province, the People's Republic of China

In accordance with the instructions from **Richly Field China Development Limited** (referred to as the "Company") to value the property interests (referred to as the "Property") held by the Company or its subsidiaries (altogether referred to as the "Group") situated in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections of the Property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the Property as at **30 September 2012 and 31 December 2013** (the "dates of valuation").

Basis of Valuation

'Market Value' is intended to mean "the estimated amount for which an asset or liability should exchange on the dates of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

Valuation Methodology

For valuation of the Property, the following methods have been adopted:

Property No. 1	–	Income Capitalization Method (counter-checked by Comparison Method)
Property No. 2	–	Comparison Method (counter-checked by Residual Valuation Method)
Property No. 3	–	Comparison Method

According to the business plan of the Company, Property No. 1 would be retained by the Group as a long term investment for rental incomes. We have selected the Income Capitalization Method to value the property on the ground that it is best suit for rental income generating properties that has adequate market rental data and can capture the economic benefit of the property based on the net rental income that can be generated from the property and the property yield as observed from the market. As construction of the property numbered 1 was still underway as at the dates of valuation, we have taken into account the further construction costs to be expended for completing the property as at the dates of valuation. We have adopted the comparison method to cross check the results determined by the Income Capitalization Method.

According to the business plan of the Company, Property No. 2 is intended to be launched to the market for sale in due course and therefore the Income Capitalization Method has not been adopted valuing the property. As construction work of the property has commenced on the dates of valuation and no transactions of similar construction-in-progress development site with stage of completion similar to that of the property can be identified for direct comparison, we have selected the Residual Valuation Method to counter-check the results arrived from the Comparison Method. Residual Valuation Method is best suit for valuing property developments (i) having different stage of completion; (ii) having its units to be sold on the market upon completion and (iii) with its development costs derivate from other similar developments. The method involves the estimation of the Gross Development Value of the property (i.e. the total selling price of the property upon its completion), from which construction costs, associated professional fee, contingency, finance costs, Government taxes and developer's profit are deducted in arriving at the existing value of the property.

Property 3 is currently a bare land and is held by the Group for future development. We have selected the Comparison Method to value the property as this method is best suit for valuing land parcels having adequate market transaction data for comparison purpose.

Assumptions

Our valuation has been made on the assumption that the owners sell their interests in the Property (either the entire property rights or mere rights to self use and to let) on the market in its existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect its value.

For the Property which is held by the Company by means of long term Land Use Rights granted by the government, we have assumed that the Company or his successor-in-title has free and uninterrupted rights to use the Property for the whole of the unexpired term of its land use rights. We have also assumed that the Property can be freely transferred on the market free from any land premium or expenses of substantial amount payable to the government.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

Titleship

We have been provided with copies of legal documents regarding the Property. However, we have not verified ownership of the Property and the existence of any encumbrances that would affect ownership of the Property.

We have also relied upon the legal opinion provided by the PRC legal advisers, namely Dacheng Law Offices at Law (大成律師事務所), to the Company on the relevant laws and regulations in the PRC, on the nature of land use rights in the Property situated in the PRC.

Limiting Conditions

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value. Our valuation have been made on the assumption that the seller sells the Property on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the Property.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the Property but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

The Property was lasted inspected on 26 November 2013 by Mr. Or Kin Kwan Stanley who is a holder of a Higher Certificate in Valuation and Property Management from the Hong Kong Polytechnic University and has over 10 years of experience in valuation of properties in Hong Kong and in the PRC. However, we must point out that we have not carried out site investigations to determine the suitability of ground conditions or the services for any property development thereon. Our valuation is on the basis that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during construction period.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

For the Property located in the PRC, the potential tax liabilities include Land Appreciation Tax at progressive tax rates from 30% to 60%, Business Tax at 5% of sales amount, related surcharge at 11% of Business Tax and Income Tax at 25% on profit before tax. The exact amount of tax payable upon realization of the relevant properties in the PRC will be subject to the formal tax advice issued by the relevant tax authorities at the time of disposal of relevant properties upon presentation of the relevant transaction documents. For the property numbered 1 (being held for investment), the likelihood of the relevant tax liabilities (arising from the disposal of the property numbered 1 at consideration equal to the valuation amount) being crystallized is remote as the Group has no detail planning for the disposal of such property yet. For the property numbered 2 and 3 (being held for under development or future development), as advised by the Group, they will be sold in due course. Therefore, the likelihood of the relevant tax liability being crystallized is high.

In valuing the Property, we have complied with all the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities on the Main Board and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards on Properties (2012 Edition) published by The Hong Kong Institute of Surveyors.

The valuation for the property numbered 2 arrived at has not been determined by reference to comparable market transactions, which is the most reliable method for valuing property assets and the most common method used for valuing properties in Hong Kong and the PRC, because of the lack of comparable market transaction of development with similar status of completion in the locality in which the property is situated. This valuation has used the residual method which is general acknowledged as being a less reliable valuation method. The residual method is essentially a means of valuing land by reference to its development potential by deducting costs and developer's profit from its estimated completed development value. It is commonly used in assessing the value of land with development or redevelopment potential. Our valuation relies upon a series of assumptions made by the valuer which produce an arithmetical calculation of the expected current sale value as at the dates of valuation of a property being developed or held for development. Where the Property is located in a relatively specialized or under-developed market those assumptions are often based on imperfect market evidence. A range of values may be attributable to the property depending upon the assumptions made. While the valuer has exercised its professional judgment in arriving at the value, investors are urged to consider carefully the nature of such assumptions which are disclosed in the valuation report and should exercise caution in interpreting the valuation report.

Unless otherwise stated, all monetary sums stated in this report are in Renminbi (RMB).

Our summary of valuation and valuation certificates are attached herewith.

Yours faithfully,
for and on behalf of
Asset Appraisal Ltd.
Tse Wai Leung
MFin BSc MRICS MHKIS RPS(GP)
Director

Tse Wai Leung is a member of the Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a Registered Professional Surveyor in General Practice and a qualified real estate appraiser in the PRC. He is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.

SUMMARY OF VALUATION

Property	Market value in existing state as at 30 September 2012	Market value in existing state as at 31 December 2013
Group I – Property interests held by the Company for investment		
1. Development Site of Globe Outlets City located in Tengfei Village, Maqiaohe Village and Dongma Shequ, Xingcheng Town Wangcheng District Changsha City Hunan Province the PRC.	RMB423,000,000	RMB548,000,000
Group II – Property interests held by the Company under development		
2. Development Site of Phase I and Zone A in Phase II of Richlyfield. Outlet Town located in Tengfei Village, Maqiaohe Village and Dongma Shequ, Xingcheng Town Wangcheng District Changsha City Hunan Province the PRC	RMB499,000,000	RMB669,000,000
Group III – Property interests held by the Company for future development		
3. Development Site of Richlyfield. Outlet Town (except Phase I and Zone A in Phase II) located in Tengfei Village, Maqiaohe Village and Dongma Shequ, Xingcheng Town Wangcheng District Changsha City Hunan Province the PRC.	RMB382,000,000	RMB386,000,000
Total:	RMB1,304,000,000	RMB1,603,000,000

VALUATION CERTIFICATE

Group I – Property interests held by the Company for investment

Property 1	Description and tenure	Particulars of occupancy	Market Value in Existing state as at 31 December 2013 *RMB*
Development Site of Globe Outlets City located in Tengfei Village, Maqiaohe Village and Dongma Shequ, Xingcheng Town Wangcheng District Changsha City Hunan Province the PRC.	The subject development comprises two parcels of formed land with a total area of 1,058,553 square metres. It is designated for a large-scale commercial/residential development namely "Globe Outlets City & Richlyfield. Outlet Town". The property comprises two parcels of land with a total area of 333,335 square metres within the subject development. Upon completion, various blocks single to 3-storey shophouses will be erected. The total of gross floor area of the property will be 179,268.75 square metres. As advised by the Company, the property will be fully completed in 2017. The land use rights of the land are granted for a term of 40 years for commercial use and 70 years for residential use	As at the date of our inspection, portion of the property with a gross floor area of approximately 72,000 square metres had its superstructure work completed and were under fitting-out and decoration works. Construction work for the remaining portion of the property is not yet commenced. According to the latest development plan of the Company, site formation works for the remaining portion of the property will commence by mid of 2014.	548,000,000 **Market Value in Existing state as at 30 September 2012** *RMB* 423,000,000

Notes:

1. Pursuant to two sets of Land Use Rights Contract both entered into between Wangcheng County Land and Resource Bureau (望城縣國土資源局) ("the Bureau") and Hunan Richly Field Outlets Real Estate Limited (湖南裕田奧特萊斯置業有限公司) (formerly known as Hunan Yutian Outlet City Limited (湖南裕田名牌折扣城有限公司)), a wholly-owned subsidiary of the Company, on 28 October 2009 and 19 January 2010 respectively, the land use rights of the subject development were acquired by Hunan Richly Field Outlets Real Estate Limited for a consideration of RMB608,000,000. As confirmed by the Company, the aforesaid land purchase consideration has been fully settled.

2. As stipulated in the Land Use Rights Certificate dated 27 May 2010, the land use rights of a portion of the subject development with an area of 300,652.60 square metres are held by Hunan Richly Field Outlets Real Estate Limited for commercial use for a land use right term expiring on 27 October 2049.

3. As stipulated in another Land Use Rights Certificate dated 27 May 2010, the land use rights of another portion of the subject development with an area of 106,234.40 square metres are held by Hunan Richly Field Outlets Real Estate Limited for residential use for a land use right term expiring on 27 October 2079.

4. As stipulated in another 11 sets of Land Use Rights Certificate dated either 20 December 2010 or 29 January 2011 respectively, the land use rights of remaining portion of the subject development with an total area of 651,666 square metres are held by Hunan Richly Field Outlets Real Estate Limited for land use right terms expiring on between 30 December 2050 (for commercial and residential uses) and 30 December 2080 (for residential use).

5. The property was under construction as at the dates of valuation. Based on the information provided by the Company, the construction costs to be expended for the completion to the property were estimated to be approximately RMB432,870,000 and RMB372,690,000 as at 30 September 2012 and 31 December 2013 respectively. The completed values of the property are RMB928,400,000 and RMB1,122,850,000 as at 30 September 2012 and 31 December 2013 respectively.

6. As the property was under construction, no rental income generated on the dates of valuation. We have adopted comparison method in assessing the rental income obtainable from the property as at the dates of valuation. Comparison based on market rental information of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of rental values. The estimated monthly rental incomes obtainable, on the basis that the property was available to let, were RMB7,170,000 and RMB8,960,000 as at 30 September 2012 and 31 December 2013 respectively.

7. As revealed from the aforesaid Land Use Rights Contracts, the subject development is subject to the following material development conditions:

Total Site Area	:	1,058,553 square metres
Land Use	:	Commercial and Residential
Plot Ratio	:	≦ 1.2
Site Coverage	:	≦ 30% of Site Area
Greenery Coverage	:	≧ 40% of Site Area
Building Covenant	:	Portion of the development with site area of 406,887 square metres shall be completed on or before 20 August 2012 Remaining portion of the development with site area of 651,666 square metres shall be completed on or before 31 December 2012

8. The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the Company's legal advisers on the PRC law is as follows:

Land Use Rights Contract	:	Yes
Land Use Rights Certificate	:	Yes
Planning Permit for Construction Land	:	Yes
Planning Permit for Construction Works	:	Yes

9. The property has been valued by the income capitalization approach and the following major assumptions have been involved:

Date of Valuation – 30 September 2012

Total lettable floor area	:	179,268.75 square metres
Leasing commencement (a)	:	11% of total lettable floor area from January 2014 34% of total lettable floor area from January 2015 48% of total lettable floor area from January 2016 53% of total lettable floor area from January 2017
Average monthly rental (b)	:	RMB45/square metres net of management fee
Capitalization Rate (c)	:	12%

Date of Valuation – 31 December 2013

Total lettable floor area	:	179,268.75 square metres
Leasing commencement (a)	:	11% of total lettable floor area from January 2014 34% of total lettable floor area from January 2015 48% of total lettable floor area from January 2016 53% of total lettable floor area from January 2017
Average monthly rental (b)	:	RMB50/square metres net of management fee
Capitalization Rate (c)	:	11%

Notes:

(a) According to the development schedule as prevailing on the dates of valuation, construction works of approximately 46%, 46%, 63% and 100% of the accumulated lettable floor area of the property shall be completed by end of 2014, 2015, 2016 and 2017 respectively. Referring to the development schedule and business plan of the Company, the occupancy rates of 23%, 74%, 76% and 53% (in term of the completed lettable floor area) have been adopted for 2014, 2015, 2016 and 2017 respectively.

(b) The average monthly rental adopted in the valuation is determined by the comparison method based on rents realized or current asking rents of comparable properties. Comparable properties of similar character and locations have been selected and then analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of rental values.

(c) The capitalization rate adopted in the valuation is based on our analysis on the investment yield (net market annual rentals ÷ market prices) of commercial properties at the subject locality.

10. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, inter alia, the followings:

i. A portion of the land use rights in the subject development with the area of 300,652.60 square metres are held by Hunan Richly Field Outlets Real Estate Limited for commercial use for a term expiring on 27 October 2049;

ii. Another portion of the land use rights in the subject development with the area of 16,416.80 square metres are held by Hunan Richly Field Outlets Real Estate Limited for commercial use for a term expiring on 30 December 2050;

iii. Another portion of the land use rights in the subject development with the area of 106,234.40 square metres are held by Hunan Richly Field Outlets Real Estate Limited for residential use for a term expiring on 27 October 2079;

iv. Another portion of the land use rights in the subject development with the area of 455,831.20 square metres are held by Hunan Richly Field Outlets Real Estate Limited for residential use for a term expiring on 30 December 2080;

v. The remaining portion of the land use rights in the subject development with the area of 179,418.00 square metres are held by Hunan Richly Field Outlets Real Estate Limited for commercial and residential uses for a term expiring on 30 December 2050;

vi. Hunan Richly Field Outlets Real Estate Limited (湖南裕田奧特萊斯置業有限公司) settled all purchase consideration and obtained the Land Use Rights Certificates for the subject land;

vii. As at 30 September 2012, the subject development is subject to various mortgages in favour of The Industrial and Commercial Bank of China Limited and Shanghai Pudong Development Bank Limited. As at 31 December 2013, subject development is subject to various mortgages in favour of Guangzhou Village Commercial Bank Limited (廣州農村商業銀行股份有限公司), Bank of China Limited (中國銀行股份有限公司), China Construction Bank Limited (中國建設銀行股份有限公司) and The Industrial and Commercial Bank of China Limited. Besides the aforesaid mortgages, the property is free from any encumbrances, liens, pledges or third parties' rights;

viii. Hunan Richly Field Outlets Real Estate Limited (湖南裕田奧特萊斯置業有限公司) has the rights to freely transfer, lease, mortgage or dispose of the land use rights of the property within the unexpired term;

ix. The subject development is not in breach of any environmental regulations and is not subject to any investigation, notices, pending litigation or court order;

x. According to the Land Use Rights Contract, portion of the subject development with site area of 406,887 square metres shall be completed on or before 20 August 2012 whilst remaining portion of the subject development with site area of 651,666 square metres shall be completed on or before 31 December 2012. Unless permission from the Bureau is obtained, Hunan Richly Field Outlets Real Estate Limited is required to pay penalty to the Bureau for extending the building covenant for not more than 1 year. The daily penalty for extending the building covenant is 1‰ of land premium. The Bureau has the right to foreclose the Property if the construction work of the subject development cannot be commenced in two years from 31 December 2010. As confirmed by the Company, the construction work of the subject development was commenced in June of 2010. Up to the date of the PRC Legal Opinion, the completion of construction work was delayed. As at 31 December 2013, the estimated daily penalty to be paid for extending building covenant were calculated at approximately RMB251,200,000. There was no action from the Bureau undermining Hunan Richly Field Outlets Real Estate Limited's interest in the subject development; and

xi. Hunan Richly Field Outlets Real Estate Limited has obtained Planning Permit for Construction Land, Planning Permit for Construction Works and Construction Works Permit as stated in the PRC Legal Opinion for the subject development.

11. As at 31 December 2013, the estimated daily penalties payable for extending the building covenant were calculated as following:

Site Area	:	406,887 square metres
Land Premium	:	RMB240,000,000.-
Building covenant	:	on or before 20 August 2012
Daily Penalty	:	RMB240,000 (1‰ on land premium)
Day of Extension	:	487 days (extend to 31 December 2013)
Estimated Penalty	:	RMB116,880,000.-

Site Area	:	651,666 square metres
Land Premium	:	RMB368,000,000.-
Building covenant	:	on or before 31 December 2012
Daily Penalty	:	RMB368,000 (1‰ on land premium)
Day of Extension	:	365 days (extend to 31 December 2013)
Estimated Penalty	:	RMB134,320,000.-
Total Estimated Penalty	:	RMB251,200,000.-

12. The property development is situated at Wangcheng District, Changsha City (the capital city of Hunan Province). Wangcheng District is located in the north-western suburban area of Changsha City. According to the statistics from the government, during the first 11 months of 2013, new supply of residential properties and transaction of residential properties in Changsha City were approximately 11.7 million square metres and 11.9 million square metres (in term of gross floor area) respectively (which registered respective growth of 27.7% and 10.2% from same period of 2012) with an average transaction price of approximately RMB6,453 per square metres. In Wangcheng District, new supply and transaction amount of residential properties were approximately 2.4 million square metres and 2.06 million square metres respectively with an average transaction price of approximately RMB5,000 per square metres.

VALUATION CERTIFICATE

Group II – Property interests held by the Company under development

Property 2	Description and tenure	Particulars of occupancy	Market Value in Existing state as at 31 December 2013 *RMB*
Development Site of Phase I and Zone A in Phase II of Richlyfield. Outlet Town located in Tengfei Village, Maqiaohe Village and Dongma Shequ, Xingcheng Town Wangcheng District Changsha City Hunan Province the PRC.	The subject development comprises two parcels of formed land with a total area of 1,058,553 square metres. It is designated for a large-scale commercial/residential development namely "Globe Outlets City & Richlyfield. Outlet Town". The property comprises two parcels of land with a total area of 201,122 square metres within the subject development. Upon completion, various blocks medium-rise apartment building, 3-storey villa and single to 2-storey shophouses will be erected. The total of gross floor area of the property will be 242,381 square metres (including basement area of 39,548 square metres). As advised by the Company, the property will be fully completed by end of 2014. The land use rights of the land are granted for a term of 40 years for commercial use and 70 years for residential use.	As at the date of our inspection, substructure work for the apartment buildings of the property has been completed and superstructure work for them have just commenced. Superstructure work for the villas was still underway. Superstructure work for shophouses has been completed and their fitting out and decoration work were in progress.	669,000,000 **Market Value in Existing state as at 30 September 2012** *RMB* 499,000,000

Notes:

1. Pursuant to two sets of Land Use Rights Contract both entered into between Wangcheng County Land and Resource Bureau (望城縣國土資源局) ("the Bureau") and Hunan Richly Field Outlets Real Estate Limited (湖南裕田奥特萊斯置業有限公司) (formerly known as Hunan Yutian Outlet City Limited (湖南裕田名牌折扣城有限公司)), a wholly-owned subsidiary of the Company, on 28 October 2009 and 19 January 2010 respectively, the land use rights of the subject development were acquired by Hunan Richly Field Outlets Real Estate Limited for a consideration of RMB608,000,000. As confirmed by the Company, the aforesaid land purchase consideration has been fully settled.

2. As stipulated in the Land Use Rights Certificate dated 27 May 2010, the land use rights of a portion of the subject development with an area of 300,652.60 square metres are held by Hunan Richly Field Outlets Real Estate Limited for commercial use for a land use right term expiring on 27 October 2049.

3. As stipulated in another Land Use Rights Certificate dated 27 May 2010, the land use rights of another portion of the subject development with an area of 106,234.40 square metres are held by Hunan Richly Field Outlets Real Estate Limited for residential use for a land use right term expiring on 27 October 2079.

4. As stipulated in another 11 sets of Land Use Rights Certificate dated either 20 December 2010 or 29 January 2011 respectively, the land use rights of remaining portion of the subject development with an total area of 651,666 square metres are held by Hunan Richly Field Outlets Real Estate Limited for land use right terms expiring on between 30 December 2050 (for commercial and residential uses) and 30 December 2080 (for residential use).

5. Based on the information provided by the Company, the construction costs expended on the property were approximately RMB227,430,000 and RMB306,440,000 as at 30 September 2012 and 31 December 2013 respectively. Given the total construction costs estimated by the qualified surveyor, the construction costs to be expended for the completing the property were calculated at approximately RMB532,270,000 and RMB477,540,000 as at 30 September 2012 and 31 December 2013 respectively.

6. The key financial parameters adopted in the residual valuation as at 30 September 2012 are as follows:

(i)	Estimated gross development value (market value on completion basis net for Business Tax with its related surcharge)	RMB1,500,000,000
(ii)	Less – Estimated Construction Cost	RMB759,698,000
(iii)	Add. – Construction Cost Expended	RMB227,430,000
(iii)	Less – Estimated project management fees	RMB42,600,000
(iv)	Less – Estimated professional fees	RMB11,000,000
(v)	Less – Estimated contingencies	RMB47,900,000
(vi)	Less – Estimated finance charges on cost	RMB42,600,000
(vii)	Less – Estimated developer's profit and risk margin	RMB325,000,000

7. The key financial parameters adopted in the residual valuation as at 31 December 2013 are as follows:

(i)	Estimated gross development value (market value on completion basis net for Business Tax with its related surcharge)	RMB1,614,000,000
(ii)	Less – Estimated Construction Cost	RMB783,977,000
(iii)	Add. – Construction Cost Expended	RMB306,440,000
(iii)	Less – Estimated project management fees	RMB38,000,000
(iv)	Less – Estimated professional fees	RMB10,000,000
(v)	Less – Estimated contingencies	RMB43,000,000
(vi)	Less – Estimated finance charges on cost	RMB38,200,000
(vii)	Less – Estimated developer's profit and risk margin	RMB338,000,000

8. As revealed from the aforesaid Land Use Rights Contracts, the subject development is subject to the following material development conditions:

Total Site Area	:	1,058,553 square metres
Land Use	:	Commercial and Residential
Plot Ratio	:	≦ 1.2
Site Coverage	:	≦ 30% of Site Area
Greenery Coverage	:	≧ 40% of Site Area
Building Covenant	:	Portion of the development with site area of 406,887 square metres shall be completed on or before 20 August 2012 Remaining portion of the development with site area of 651,666 square metres shall be completed on or before 31 December 2012

9. The estimated gross development value represents the market value of the property as if it were completed on the dates of valuation. By making reference to the development scheme provided by the Company, the gross development value is arrived by the comparison method with reference to market prices of similar properties.

10. The estimated construction costs are based on cost estimation prepared by an independent qualified quantity surveyor (please refer to the Construction Cost Estimate Report annexed to the Circular).

11. Based on the information provided by the Company, the construction costs expended on the property were approximately RMB227,430,000.-and RMB306,440,000.-as at 30 September 2012 and 31 December 2013 respectively.

12. The estimated professional fees and project management fees are approximately 2% and 8% of the total construction costs respectively. We have compared the fees to those other construction projects in the PRC and we considered that they are in line with the general market practice;

13. Contingencies (9% of the total construction costs) has been allowed for the project. We have compared the general allowance provided in the general construction projects in the PRC (with a range between 5% and 10%). We considered that the allowance is reasonable in view of the surging and volatile construction material and labour prices in the PRC;

14. An interest rate of 8% p.a. has been adopted for our valuation of the property and the adopted rate has been built up by a base interest rate of 6.15% per annum (being the bank lending rate for loan maturing in 1 to 3 years as announced by the People's Bank of China) with an upward adjustment of 30% (i.e. 6.15% × 130%). Under the prevailing market conditions, the normal upward adjustment for a building mortgage having the development project itself as the collateral is ranging from 20% to 40% (i.e. total interest rate ranging from 7.38% to 8.61%). The interest rate adopted for our valuation represents the median rate of the reasonable range. We have assumed that the full development costs will be borrowed from financial institutions and only half of the development period carries the burden of loan interest payment due to the phased payment of the loan. According to the development schedule of the Group, the property will be fully completed by the end of 2014. We have also assumed the Company will apply the permission from the Bureau for the extending the building covenant without payment of any additional premium or substantial fee to government authorities.

15. The estimated developer's profit and risk margin is at 25% of the gross development value. We have compared the general development projects in the PRC at the range between 25% and 30%. These represent remuneration and potential Income Tax and Land Appreciation Tax of the developer for undertaking the property development.

16. The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the Company's legal advisers on the PRC law is as follows:

Land Use Rights Contract	:	Yes
Land Use Rights Certificate	:	Yes
Planning Permit for Construction Land	:	Yes
Planning Permit for Construction Works	:	Yes

17. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, inter alia, the followings:

i. A portion of the land use rights in the subject development with the area of 300,652.60 square metres are held by Hunan Richly Field Outlets Real Estate Limited for commercial use for a term expiring on 27 October 2049;

ii. Another portion of the land use rights in the subject development with the area of 16,416.80 square metres are held by Hunan Richly Field Outlets Real Estate Limited for commercial use for a term expiring on 30 December 2050;

iii. Another portion of the land use rights in the subject development with the area of 106,234.40 square metres are held by Hunan Richly Field Outlets Real Estate Limited for residential use for a term expiring on 27 October 2079;

iv. Another portion of the land use rights in the subject development with the area of 455,831.20 square metres are held by Hunan Richly Field Outlets Real Estate Limited for residential use for a term expiring on 30 December 2080;

v. The remaining portion of the land use rights in the subject development with the area of 179,418.00 square metres are held by Hunan Richly Field Outlets Real Estate Limited for commercial and residential uses for a term expiring on 30 December 2050;

vi. Hunan Richly Field Outlets Real Estate Limited (湖南裕田奧特萊斯置業有限公司) settled all purchase consideration and obtained the Land Use Rights Certificates for the subject land;

vii. As at 30 September 2012, the subject development is subject to various mortgages in favour of The Industrial and Commercial Bank of China Limited and Shanghai Pudong Development Bank Limited. As at 31 December 2013, subject development is subject to various mortgages in favour of Guangzhou Village Commercial Bank Limited (廣州農村商業銀行股份有限公司), Bank of China Limited (中國銀行股份有限公司), China Construction Bank Limited (中國建設銀行股份有限公司) and The Industrial and Commercial Bank of China Limited. Besides the aforesaid mortgages, the property is free from any encumbrances, liens, pledges or third parties' rights;

viii. Hunan Richly Field Outlets Real Estate Limited (湖南裕田奧特萊斯置業有限公司) has the rights to freely transfer, lease, mortgage or dispose of the land use rights of the property within the unexpired term;

ix. The subject development is not in breach of any environmental regulations and is not subject to any investigation, notices, pending litigation or court order;

x. According to the Land Use Rights Contract, portion of the subject development with site area of 406,887 square metres shall be completed on or before 20 August 2012 whilst remaining portion of the subject development with site area of 651,666 square metres shall be completed on or before 31 December 2012. Unless permission from the Bureau is obtained, Hunan Richly Field Outlets Real Estate Limited is required to pay penalty to the Bureau for extending the building covenant for not more than 1 year. The daily penalty for extending the building covenant is 1‰ of land premium. The Bureau has the right to foreclose the Property if the construction work of the subject development cannot be commenced in two years from 31 December 2010. As confirmed by the Company, the construction work of the subject development was commenced in June of 2010. Up to the date of the PRC Legal Opinion, the completion of construction work was delayed. As at 31 December 2013, the estimated daily penalty to be paid for extending building covenant were calculated at approximately RMB251,200,000. There was no action from the Bureau undermining Hunan Richly Field Outlets Real Estate Limited's interest in the subject development; and

xi. Hunan Richly Field Outlets Real Estate Limited has obtained Planning Permit for Construction Land, Planning Permit for Construction Works and Construction Works Permit as stated in the PRC Legal Opinion for the subject development.

18. As at 31 December 2013, the estimated daily penalties payable for extending the building covenant were calculated as following:

Site Area	:	406,887 square metres
Land Premium	:	RMB240,000,000.-
Building covenant	:	on or before 20 August 2012
Daily Penalty	:	RMB240,000 (1‰ on land premium)
Day of Extension	:	487 days (extend to 31 December 2013)
Estimated Penalty	:	RMB116,880,000.-

Site Area	:	651,666 square metres
Land Premium	:	RMB368,000,000.-
Building covenant	:	on or before 31 December 2012
Daily Penalty	:	RMB368,000 (1‰ on land premium)
Day of Extension	:	365 days (extend to 31 December 2013)
Estimated Penalty	:	RMB134,320,000.-
Total Estimated Penalty	:	RMB251,200,000.-

19. The property development is situated at Wangcheng District, Changsha City (the capital city of Hunan Province). Wangcheng District is located in the north-western suburban area of Changsha City. According to the statistics from the government, during the first 11 months of 2013, new supply of residential properties and transaction of residential properties in Changsha City were approximately 11.7 million square metres and 11.9 million square metres (in term of gross floor area) respectively (which registered respective growth of 27.7% and 10.2% from same period of 2012) with an average transaction price of approximately RMB6,453 per square metres. In Wangcheng District, new supply and transaction amount of residential properties were approximately 2.4 million square metres and 2.06 million square metres respectively with an average transaction price of approximately RMB5,000 per square metres.

VALUATION CERTIFICATE

Group III – Property interests held by the Company for future development

Property 3	Description and tenure	Particulars of occupancy	Market Value in Existing state as at 31 December 2013 *RMB*
Development Site of Richlyfield. Outlet Town (except Phase I and Zone A in Phase II) located in Tengfei Village, Maqiaohe Village and Dongma Shequ, Xingcheng Town Wangcheng District Changsha City Hunan Province the PRC.	The subject development comprises two parcels of formed land with a total area of 1,058,553 square metres. It is designated for a large-scale commercial/residential development namely "Globe Outlets City & Richlyfield. Outlet Town". The property comprises various parcels of land with a total area of 524,096 square metres within the subject development. Upon completion, villas and apartment buildings will be erected. The total of gross floor area of the property will be 731,254.28 square metres. As advised by the Company, the property will be fully completed in 2023 by phasing. The land use rights of the land are granted for a term of 40 years for commercial use and 70 years for residential use.	As at the date of our inspection, the property was a bare land and was pending for commencement of construction work.	386,000,000 **Market Value in Existing state as at 30 September 2012** *RMB* 382,000,000

Notes:

1. Pursuant to two sets of Land Use Rights Contract both entered into between Wangcheng County Land and Resource Bureau (望城縣國土資源局) ("the Bureau") and Hunan Richly Field Outlets Real Estate Limited (湖南裕田奥特萊斯置業有限公司) (formerly known as Hunan Yutian Outlet City Limited (湖南裕田名牌折扣城有限公司)), a wholly-owned subsidiary of the Company, on 28 October 2009 and 19 January 2010 respectively, the land use rights of the subject development were acquired by Hunan Richly Field Outlets Real Estate Limited for a consideration of RMB608,000,000. As confirmed by the Company, the aforesaid land purchase consideration has been fully settled.

2. As stipulated in the Land Use Rights Certificate dated 27 May 2010, the land use rights of a portion of the subject development with an area of 300,652.60 square metres are held by Hunan Richly Field Outlets Real Estate Limited for commercial use for a land use right term expiring on 27 October 2049.

3. As stipulated in another Land Use Rights Certificate dated 27 May 2010, the land use rights of another portion of the subject development with an area of 106,234.40 square metres are held by Hunan Richly Field Outlets Real Estate Limited for residential use for a land use right term expiring on 27 October 2079.

4. As stipulated in another 11 sets of Land Use Rights Certificate dated either 20 December 2010 or 29 January 2011 respectively, the land use rights of remaining portion of the subject development with an total area of 651,666 square metres are held by Hunan Richly Field Outlets Real Estate Limited for land use right terms expiring on between 30 December 2050 (for commercial and residential uses) and 30 December 2080 (for residential use).

5. As revealed from the aforesaid Land Use Rights Contracts, the subject development is subject to the following material development conditions:

Total Site Area	:	1,058,553 square metres
Land Use	:	Commercial and Residential
Plot Ratio	:	≦ 1.2
Site Coverage	:	≦ 30% of Site Area
Greenery Coverage	:	≧ 40% of Site Area
Building Covenant	:	Portion of the development with site area of 406,887 square metres shall be completed on or before 20 August 2012 Remaining portion of the development with site area of 651,666 square metres shall be completed on or before 31 December 2012

6. The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the Company's legal advisers on the PRC law is as follows:

Land Use Rights Contract	:	Yes
Land Use Rights Certificate	:	Yes
Planning Permit for Construction Land	:	Not applicable (as advised by the Company, shall be applied between in 2014 and 2017)
Planning Permit for Construction Works	:	Not applicable (as advised by the Company, shall be applied between in 2014 and 2017)

As confirmed by the Group, there is no legal impediment in obtaining the Planning Permit for Construction Land and the Planning Permit for Construction Works for the Property.

7. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, inter alia, the followings:

i. A portion of the land use rights in the subject development with the area of 300,652.60 square metres are held by Hunan Richly Field Outlets Real Estate Limited for commercial use for a term expiring on 27 October 2049;

ii. Another portion of the land use rights in the subject development with the area of 16,416.80 square metres are held by Hunan Richly Field Outlets Real Estate Limited for commercial use for a term expiring on 30 December 2050;

iii. Another portion of the land use rights in the subject development with the area of 106,234.40 square metres are held by Hunan Richly Field Outlets Real Estate Limited for residential use for a term expiring on 27 October 2079;

iv. Another portion of the land use rights in the subject development with the area of 455,831.20 square metres are held by Hunan Richly Field Outlets Real Estate Limited for residential use for a term expiring on 30 December 2080;

v. The remaining portion of the land use rights in the subject development with the area of 179,418.00 square metres are held by Hunan Richly Field Outlets Real Estate Limited for commercial and residential uses for a term expiring on 30 December 2050;

vi. Hunan Richly Field Outlets Real Estate Limited (湖南裕田奧特萊斯置業有限公司) settled all purchase consideration and obtained the Land Use Rights Certificates for the subject land;

vii. As at 30 September 2012, the subject development is subject to various mortgages in favour of The Industrial and Commercial Bank of China Limited and Shanghai Pudong Development Bank Limited. As at 31 December 2013, subject development is subject to various mortgages in favour of Guangzhou Village Commercial Bank Limited (廣州農村商業銀行股份有限公司), Bank of China Limited (中國銀行股份有限公司), China Construction Bank Limited (中國建設銀行股份有限公司) and The Industrial and Commercial Bank of China Limited. Besides the aforesaid mortgages, the property is free from any encumbrances, liens, pledges or third parties' rights;

viii. Hunan Richly Field Outlets Real Estate Limited (湖南裕田奧特萊斯置業有限公司) has the rights to freely transfer, lease, mortgage or dispose of the land use rights of the property within the unexpired term;

ix. The subject development is not in breach of any environmental regulations and is not subject to any investigation, notices, pending litigation or court order; and

x. According to the Land Use Rights Contract, portion of the subject development with site area of 406,887 square metres shall be completed on or before 20 August 2012 whilst remaining portion of the subject development with site area of 651,666 square metres shall be completed on or before 31 December 2012. Unless permission from the Bureau is obtained, Hunan Richly Field Outlets Real Estate Limited is required to pay penalty to the Bureau for extending the building covenant for not more than 1 year. The daily penalty for extending the building covenant is 1‰ of land premium. The Bureau has the right to foreclose the Property if the construction work of the subject development cannot be commenced in two years from 31 December 2010. As confirmed by the Company, the construction work of the subject development was commenced in June of 2010. Up to the date of the PRC Legal Opinion, the completion of construction work was delayed. As at 31 December 2013, the estimated daily penalty to be paid for extending building covenant were calculated at approximately RMB251,200,000. There was no action from the Bureau undermining Hunan Richly Field Outlets Real Estate Limited's interest in the subject development.

8. As at 31 December 2013, the estimated daily penalties payable for extending the building covenant were calculated as following:

Site Area	:	406,887 square metres
Land Premium	:	RMB240,000,000.-
Building covenant	:	on or before 20 August 2012
Daily Penalty	:	RMB240,000 (1‰ on land premium)
Day of Extension	:	487 days (extend to 31 December 2013)
Estimated Penalty	:	RMB116,880,000.-

Site Area	:	651,666 square metres
Land Premium	:	RMB368,000,000.-
Building covenant	:	on or before 31 December 2012
Daily Penalty	:	RMB368,000 (1‰ on land premium)
Day of Extension	:	365 days (extend to 31 December 2013)
Estimated Penalty	:	RMB134,320,000.-
Total Estimated Penalty	:	RMB251,200,000.-

9. The property development is situated at Wangcheng District, Changsha City (the capital city of Hunan Province). Wangcheng District is located in the north-western suburban area of Changsha City. According to the statistics from the government, during the first 11 months of 2013, new supply of residential properties and transaction of residential properties in Changsha City were approximately 11.7 million square metres and 11.9 million square metres (in term of gross floor area) respectively (which registered respective growth of 27.7% and 10.2% from same period of 2012) with an average transaction price of approximately RMB6,453 per square metres. In Wangcheng District, new supply and transaction amount of residential properties were approximately 2.4 million square metres and 2.06 million square metres respectively with an average transaction price of approximately RMB5,000 per square metres.

PROPERTY RECONCILIATION

	Carrying Value of the Property Total
	RMB'000
Carrying value as at 30 September 2013 *(Note 1 and 5)*	1,527,721
Additions	54,393
Depreciation and amortization for the period from 30 September 2013 to 31 December 2013 *(Note 2)*	(2,365)
Carrying value as at 31 December 2013 *(Note 3 and 5)*	1,579,749
Net loss from fair value adjustments	–
Revaluation Surplus of 100% property interest	23,251
Valuation Report as at 31 December 2013 *(Note 4)*	1,603,000

Notes:

1. The figure is extracted from the management account of the Company for the period ended 30 September 2013.

2. The figure is extracted from the management account of the Company for the period ended 31 December 2013.

3. The figure is extracted from the management account of the Company for the period ended 31 December 2013.

4. The figure is based on the revaluation of the Property as set out in Appendix IV to this circular.

5. The carrying value of the Property is classified as investment properties, prepaid land lease payments and properties under development in the Company's financial statements.

Rick's Management Consultancy Ltd.
歷新管理顧問有限公司
Project Management • Commercial & Contractual Management
Business Development • Financial Analysis and Management
RMC

31 March 2014

Richly Field China Development Limited
Suite 506, ICBC Tower
3 Garden Road, Central
Hong Kong

The Board of Directors

Dear Sirs,

Construction Cost Estimate for the Commercial and Residential Development in Globe Outlets City & Richlyfield. Outlet Town situated in Wangcheng District, Changsha City, Hunan Province, the People's Republic of China

1. Introduction

1.1. The purpose of this estimate is to provide an indication of the likely level of construction costs as at 30 September 2012 and 31 December 2013 for the captioned development to be developed by Richly Field China Development Limited.

1.2. Different area of the development is at various stages namely design stage, piling stage, under construction and completed subject to final inspection and approved by "Registered Engineering Consultant" 「註冊監理工程師」 at the moment.

2. Description of the Project

2.1. It is a development comprising low to high rise apartment in Area A, villa in Area B and Area C and shops along the main road, namely Lei Fang Road.

The development includes the following:

1. Area A – tower apartment ranged from 7 storeys to 18 storeys, 106,522 sq.m. in apartment superstructure and 11,836 sq.m. in basement for car park;

2. Area B – 3 storeys villa with 1 basement floor connecting to common basement car park;

3. Area C – 3 storeys villa with 1 basement floor connecting to common basement car park;

4. Shops along street

The proposed construction floor areas are summarized as follows:

		Gross Construction Floor Area *(sq.m.)*
Residential Development		
Tower apartment at Area A		118,358
Villa at Area B		69,968
Villa at Area C		44,348
	Sub-total:	232,674
Commercial		
Shops along street		9,707
	Sub-total:	9,707
	Total of Development:	242,381

3. Basis of the Estimate

The estimate is based on current rates in construction market as at 30 September 2012 and 31 December 2013. The assessment of cost is based on our experiences of cost estimation in Changsha/Cheng du/Wuhan[1] and is made on cost projections from other unrelated but similar developments in the locality. The cost per square meters of the construction floor area is adopted in this estimate.

Notwithstanding the contract sums of the awarded contracts, which sums were provisional only, is subject to final re-measurement of the actual quantities plus all loss and expenses claims for project delay arising out of, if any, the total estimated cost is based on the contractual arrangement for this project in a normal construction period[2] and the proposed development area as per Development Scheme as at 25 September 2009. No allowance has been made for possible future cost fluctuations for works not yet awarded.

The estimate is solely the construction cost and does not include the value of land and any evacuation cost, professional fees, operation cost, financial and legal expenses and project management fees.

Certain preliminary conceptual design drawings are provided to us for the estimate preparation. It should be noted that the actual site conditions, design and specification, type of contractors to be selected, etc. may all affect construction costs. According to this, we reserve the right to make necessary revisions to this report in the event of additional or new information provided.

We assume, without independent verification, the accuracy of all design, information data provided to us.

4. Construction Cost Estimate

The estimated total construction cost of the development as at 30 September 2012 and 31 December 2013 are summarized as follows:

	Estimated Construction Cost as at 30 September 2012 *(RMB)*	**Estimated Construction Cost as at 31 December 2013** *(RMB)*
Area A	286,860,000	311,139,000
Area B	283,370,000	283,370,000
Area C	157,435,000	157,435,000
Shops	32,033,000	32,033,000
	759,698,000	783,977,000

Yours faithfully,

for and on behalf of
Rick's Management Consultancy Ltd.
Chan Dut Yin, Ricky

B.Sc. (Hons) Q.S.
PgD Const. Mgt (Bath)
PgD Const. Law & Arb
FHKIS MRICS MCIOB
FHKIArb MCIArb
RPS (QS)

Director

Chan Dut Yin, Ricky is a fellow member of the Hong Kong Institute of Surveyors, a full member of the Royal Institution Chartered Surveyors, a full member of the Chartered Institute of Building, a fellow member of the Hong Kong Institute of Arbitrators, a full member of the

Chartered Institute of Arbitrators and a Registered Professional Surveyor (Quantity Surveying). Over 20 years' experience in various major construction projects, Mr. Chan has specialized in quantum matter, mediation and arbitration, both contentious and non-contentious, with clients and projects located in Hong Kong, Macau and the PRC.

Rick's Management Consultancy was established in 1993 and it was converted into Rick's Management Consultancy Ltd in 1999. It has been providing Quantity Surveying services, Quantum Expert Witness in many of the major construction projects in Hong Kong, Macau and the PRC.

Remark:

1: The cost data were derived from previous completed projects in such different type of buildings as office building, shopping centre, residential, hotel, and industrial, and at different locations in Changsha/Cheng du/Wuhan, where the competitive costing are similar and close.

Cost for Residential of ordinary quality is ranged from RMB1,950/m^2–2,750/m^2, an average RMB2,350/m^2 was adopted in superstructure and RMB400/m^2 was added for basement level, i.e. RMB2,750/m^2, in Area A as at 30 September 2012.

Cost for Residential of ordinary quality is ranged from RMB2,100/m^2–3,000/m^2, an average RMB2,550/m^2 was adopted in superstructure and RMB450/m^2 was added for basement level in Area A, i.e. RMB3,000/m^2, as at 31 December 2013.

Cost for Villa of medium quality is ranged from RMB3,850/m^2–4,250/m^2, an average RMB4,050/m^2 was adopted in Area B as at 30 September 2012 and be frozen for 31 December 2013 estimated cost as Area B contract was awarded in fixed price contract with provisional quantitative.

Cost for Villa of medium – ordinary quality is ranged from RMB3,250/m^2–3,850/m^2, an average RMB3,550/m^2 was adopted in Area C as at 30 September 2012 and be frozen for 31 December 2013 estimated cost as Area C contract was awarded in fixed price contract with provisional quantitative.

Cost for Shops of low rise building is ranged from RMB3,300/m^2–4,800/m^2, a low end of RMB3,300/m^2 was adopted in Shops along street as lesser mechanical & electrical pluming provisions were required for shops in this project as at 30 September 2012 and be frozen for 31 December 2013 estimated cost as Shops contract was awarded in fixed price contract with provisional quantitative.

			As at 30 September 2012			As at 31 December 2013		
Phase		Gross Construction Floor Area (*"GCFA"*)	Estimated Cost per GCFA (*RMB*)	Estimated Cost (*RMB*)	Estimated Cost (*RMB*) (*roundup to nearest thousand*)	Estimated Cost per GCFA (*RMB*)	Estimated Cost (*RMB*)	Estimated Cost (*RMB*) (*roundup to nearest thousand*)
Area A	superstructure	106,522	2,350/m^2	250,326,700	–	2,550/m^2	271,631,100	–
	additional lift	–	–	3,984,000	–	–	4,000,000	–
	basement	11,836	2,750/m^2	32,549,000	–	3,000/m^2	35,508,000	–
Area A		–	–	286,859,700	286,860,000	–	311,139,100	311,139,000
Area B		69,968	4,050/m^2	283,370,400	283,370,000	4,050/m^2	283,370,400	283,370,000
Area C		44,348	3,550/m^2	157,435,400	157,435,000	3,550/m^2	157,435,400	157,435,000
Shops		9,707	3,300/m^2	32,033,100	32,033,000	3,300/m^2	32,033,100	32,033,000
				759,698,600	759,699,000		783,978,000	783,977,000

2: The normal construction period means the (normal) time required for the construction of a building (corresponding to its height, size, and complexity) without any extra compensation to compressed and/or suspended and/or a prolonged construction time.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, the interests of the directors, the chief executives and their associates, in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies, were as follows:

Long positions

Ordinary shares of HK$0.05 each of the Company

Name of director	Capacity	Number of issued ordinary shares held/interested	Number of unlisted underlying shares interested *(Note 2)*	Approximate aggregate percentage of the issued share capital of the Company
WONG Kin Fai *(Note 1)*	Held by his spouse and personal interest	30,000	12,750,000	0.14%

Notes:

(1) Mr. Wong Kin Fai, an executive Director, is deemed to be interested in 30,000 Shares held by his spouse under the SFO.

(2) Unlisted underlying Shares are share options granted to the Directors pursuant to the share option scheme of the Company.

Save as disclosed above, none of the Directors, the chief executive and their associates, had any interests or short positions in any shares, underlying shares or debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to

Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies as at the Latest Practicable Date.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, other than the interests of certain directors as disclosed under the section headed "Directors' and chief executives' interests in shares and underlying shares" above, the interests and short positions of persons in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register of substantial shareholder required to be kept by the Company under section 336 of the SFO were as follows:

Long positions

Ordinary shares of HK$0.05 each of the Company

Name of director	Capacity	Number of issued ordinary shares and unlisted underlying shares held/interested	Approximate aggregate percentage of the issued share capital of the Company
Sino Dynamics Investments Ltd *(Note 1)*	Beneficial owner	1,395,000,000	15.65%
He Guang *(Note 1)*	Held by controlled corporation	1,395,000,000	15.65%
Fine Bliss Ltd *(Note 2)*	Beneficial owner	2,340,000,000	26.24%
Complete Power International Limited *(Note 2)*	Held by controlled corporation	2,340,000,000	26.24%
Good Moral Enterprises Limited *(Note 2)*	Held by controlled corporation	2,340,000,000	26.24%
Wang Hua *(Note 2)*	Held by controlled corporation	2,340,000,000	26.24%

Notes:

(1) According to the Disclosure of Interests, Sino Dynamics Investments Limited, which is the registered holder of 1,395,000,000 Shares, is wholly owned by Mr. He Guang, a former executive Director. Accordingly, Mr. He Guang is deemed to be interested in 1,395,000,000 Shares under the SFO.

(2) According to the Disclosure of Interests, Fine Bliss Ltd is the registered holder of 2,340,000,000 Shares. Wang Hua owns the entire issued share capital of Completed Power International Limited which owns 73.31% issued share capital of Good Moral Enterprises Limited which, in turn, owns the entire issued share capital of Fine Bliss Limited. Accordingly, Wang Hua is deemed to be interested in 2,340,000,000 Shares under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under section 336 of the SFO.

4. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of the Directors and their respective associates has interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2013, the date to which the latest published audited accounts of the Company were made up.

6. LITIGATION

As at the Latest Practicable Date, none of the Company or any of its subsidiaries has received notice of any litigation or arbitration proceedings pending or threatened against the Company or any of the subsidiaries of the Company.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or was proposing to enter, into any service contract with the Company or its subsidiaries which is not expiring or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

8. DIRECTORS' AND SUPERVISORS' INTEREST IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors of the Company had any interest in any assets which have been since 31 March 2013 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

9. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, were entered into by the members of the Group within two years preceding the Latest Practicable Date and are or may be material:

(1) the Acquisition Agreement;

(2) the Debt Confirmation Agreement;

(3) the Debt Assignment Agreement;

(4) the Debt Restructuring Agreement;

(5) the supplemental loan agreement dated 2 May 2013 entered into between Qinhuangdao Outlets and Richly Field BJ in relation to the continuation of the provision of a loan facility in the amount of approximately RMB83,305,143 to Qinhuangdao Outlets, details of which were set out in the Company's announcement dated 3 May 2013;

(6) the supplemental engagement letter dated 24 October 2013 entered into between the Company and Asian Capital (Corporate Finance) Limited ("Asian Capital"), pursuant to which, the Company agreed to remunerate Asian Capital the fee in the total amount of HK$3 million by way of issue of 34,090,000 new Shares to Asian Capital for its advisory services in relation to the resumption of trading in the Shares on the Stock Exchange, details of which were set out in the Company's announcement dated 24 October 2013; and

(7) the second supplemental loan agreement dated 9 January 2014 entered into between Qinhuangdao Outlets and Richly Field BJ in relation to the continuation of the provision of a loan facility in the amount of approximately RMB96,163,646 to Qinhuangdao Outlets, details of which were set out in the Company's announcements dated 9 January 2014 and 14 January 2014 and circular dated 28 February 2014.

10. EXPERTS AND CONSENTS

The following is the qualification of the experts who had given opinion or advice which is contained in this circular:

Name	Qualifications
Ernst & Young	Certified public accountants
Investec Capital	a licensed corporation to carry on types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO
Asset Appraisal Limited	Chartered Surveyor
Rick's Management Consultancy Limited	Chartered Quantity Surveyor and Registered Professional Surveyor

As at the Latest Practicable Date, Ernst & Young, Investec Capital, Asset Appraisal Limited and Rick's Management Consultancy Limited have given and has not withdrawn their written consent to the issue of this circular with the inclusion herein of their letters and references to their name in the form and context in which they respectively appear.

Ernst & Young, Investec Capital, Asset Appraisal Limited and Rick's Management Consultancy Limited do not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Ernst & Young, Investec Capital, Asset Appraisal Limited and Rick's Management Consultancy Limited do not have any direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

11. MISCELLANEOUS

(1) The share registrar of the Company is Appleby Management (Bermuda) Limited at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

(2) The company secretary of the Company is Ms. Lo Yuen Mei. Ms. Lo Yuen Mei is a member of The Hong Kong Institute of Certified Public Accountants.

(3) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The transfer office of the Company is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(4) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at Suite 506, ICBC Tower, 3 Garden Road, Central, Hong Kong during normal business hours up to and including the date of the SGM (and any adjournment thereof):-

(a) the memorandum and articles of association of the Company;

(b) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;

(c) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 16 and 17 of this circular;

(d) the letter from the Independent Financial Adviser, the text of which is set out on pages 18 to 27 of this circular;

(e) the accountants' report on Hunan Richly Field, the text of which is set out in Appendix II of this circular;

(f) the written consents referred to under the section headed "Experts and Consents" in this Appendix;

(g) the annual reports of the Company for each of the three years ended 31 March 2011, 2012 and 2013;

(h) the interim report of the Company for the six months ended 30 September 2013;

(i) a circular dated 28 February 2014 regarding the continuation of the provision of a loan facility in the amount of approximately RMB96,163,647 by Richly Field BJ to Qinhuangdao Outlets; and

(j) this circular.

RICHLY FIELD

RICHLY FIELD CHINA DEVELOPMENT LIMITED

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

(Stock Code: 313)

NOTICE OF THE SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Richly Field China Development Limited (the "**Company**") will be held at Ramada Hong Kong Hotel (Jasmine Room 3/F), 308 Des Voeux Road West, Hong Kong, on Tuesday, 15 April 2014 at 10:30 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions as an ordinary resolution of the Company by way of poll:

ORDINARY RESOLUTIONS

"**THAT**:–

(a) the acquisition agreement dated 7 November 2012 (the "**Acquisition Agreement**") (a copy of which marked "A" and signed by the Chairman of the meeting for the purposes of identification was tabled at the meeting) entered into between the Richly Field (Beijing) Investment Consulting Co., Ltd. (裕田幸福城(北京) 投資顧問有限公司) ("**Richly Field BJ**") as purchaser and Zhongrong International Trust Company Limited ("**Zhongrong Trust**") and the transactions contemplated thereunder, including but not limited to the entering into of the debt confirmation agreement dated 7 November 2012 between Richly Field BJ and Zhongrong Trust, be and are hereby approved, confirmed and ratified; and

(b) any one of the directors ("**Directors**") of the Company be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as they consider necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the Acquisition Agreement and all transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided in the Acquisition Agreement) as are, in the opinion of the Directors or the duly authorized committee, in the interest of the Company and its shareholders as a whole."

By order of the board of directors of
Richly Field China Development Limited
Ma Jun
Chairman

Hong Kong, 31 March 2014

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be member of the Company.

2. A form of proxy for the meeting is enclosed. In order to be valid, the form of proxy must be deposited to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.

3. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the form of proxy shall be deemed to be revoked.

4. Where there are any joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the name stands first on the registrar of members of the Company in respect of the joint holding.