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RICHLY FIELD

RICHLY FIELD CHINA DEVELOPMENT LIMITED

裕田中國發展有限公司

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

(stock code: 313)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

The board (the “Board”) of directors (the “Directors”) of Richly Field China Development Limited (the “Company”) presents the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2019 (the “Reporting Period”) together with comparative unaudited figures for the six months ended 30 September 2018 (the “Corresponding Period”) and selected explanatory notes as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

		Six months ended 30 September	
		2019	2018
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	5	158,474	91,621
Cost of sales		(132,974)	(74,503)
Gross profit		25,500	17,118
Gain on revaluation of investment properties		46,411	29,987
Other income and gain	5	1,120	362
Selling expenses		(4,199)	(6,183)
Administrative expenses		(42,286)	(45,013)
Finance costs	6	(69,802)	(122,412)
Share of results of associates		(3,430)	—
Loss before tax	7	(46,686)	(126,141)
Income tax expense	8	(14,804)	(9,739)
Loss for the period		(61,490)	(135,880)

		Six months ended	
		30 September	
		2019	2018
Notes		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Other comprehensive expenses			
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		(16,696)	(45,255)
Share of other comprehensive expense of associates		<u>(1,894)</u>	<u>–</u>
		<u>(18,590)</u>	<u>(45,255)</u>
Total comprehensive expenses for the period		<u>(80,080)</u>	<u>(181,135)</u>
		HK\$	HK\$
Loss per share		9	
Basic		(0.26) cents	(0.58) cents
Diluted		<u>(0.26) cents</u>	<u>(0.58) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

	30 September 2019 <i>Notes</i> HK\$'000 (Unaudited)	31 March 2019 <i>HK\$'000</i> (Audited)
Non-current assets		
Property, plant and equipment	28,548	31,095
Investment properties	1,485,913	1,492,566
Right-of-use assets	625,935	–
Prepaid land lease payments	–	644,699
Interests in associates	37,819	56,750
Financial asset designated at fair value through other comprehensive income (“FVTOCI”)	2,724	2,724
Goodwill	110,927	116,650
	<u>2,291,866</u>	<u>2,344,484</u>
Current assets		
Properties under development	1,818,031	1,804,630
Completed properties held for sales	105,216	98,556
Inventories	–	–
Trade receivables	11 14,961	14,959
Prepayments, deposits and other receivables	225,660	195,922
Cash and cash equivalents	30,638	75,114
	<u>2,194,506</u>	<u>2,189,181</u>
Current liabilities		
Trade payables	12 756,798	701,384
Receipts in advance, other payables and accruals	641,140	623,691
Contract liabilities	243,147	176,019
Amounts due to related parties	122,067	98,438
Interest-bearing bank and other borrowings	1,103,906	1,192,819
Notes payable	42,356	93,471
Provisions	6,414	6,745
Lease liability	2,048	–
Tax payable	118,518	127,770
	<u>3,036,394</u>	<u>3,020,337</u>
Net current liabilities	<u>(841,888)</u>	<u>(831,156)</u>
Total assets less current liabilities	<u>1,449,978</u>	<u>1,513,328</u>

		30 September	31 March
		2019	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current liabilities			
Deferred income		61,815	65,004
Amounts due to related parties		672,012	683,576
Interest-bearing bank and other borrowings		299,322	279,792
Lease liability		2,431	–
Deferred tax liabilities		109,579	100,057
		1,145,159	1,128,429
Net assets		304,819	384,899
Equity			
Share capital	13	1,166,834	1,166,834
Reserves		(862,015)	(781,935)
Total equity		304,819	384,899

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 September 2019 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

During the period ended 30 September 2019, the Group reported net loss of approximately HK\$61,490,000. As at 30 September 2019, the Group had net current liabilities of approximately HK\$841,888,000 and total borrowings, including interest-bearing bank and other borrowings, amounts due to related parties and notes payable in aggregate of approximately HK\$2,239,663,000 of which approximately HK\$1,268,329,000 will be due in the coming twelve months from the end of the reporting period. As at the same date, the Group’s cash and cash equivalents amounted to approximately HK\$30,638,000.

As at 30 September 2019, loan principal repayments of RMB95,000,000 and interest payments of approximately RMB38,312,000 (equivalent to approximately HK\$42,473,000) relating to certain bank borrowings of the Group with a principal amount of RMB950,000,000 were not repaid in accordance with the repayment schedule set out in the relevant loan agreement. These constituted events of default and as stipulated in the relevant loan agreements (the “Loan Agreements”), the bank (the “Bank”) has the default right to demand immediate repayment of the outstanding principal and interests, including accrued default interest of RMB14,700,000.

Subsequent to the end of reporting period, the Group entered into a supplemental agreement with the Bank for the extension of the repayment of principal amount of RMB950,000,000, accrued interest and overdue interest of which RMB263,500,000 will be repayable within twelve months from the end of the reporting period and the remaining amount will be repayable by 30 June 2022.

On 29 August 2019, the Company received a winding-up petition (the “Petition”) filed by Mr. He Dazhao (the “Petitioner” or the “Holder of Notes Payable”) against the Company. The Holder of Notes Payable presented the Petition against the Company for failure to settle an indebted sum of approximately HK\$91,400,000, plus further daily interest of approximately HK\$49,000, in total being the alleged outstanding amount owed by the Company to the Petitioner. As at 30 September 2019, an amount of approximately HK\$42,356,000 remained outstanding.

Subsequent to the end of reporting period, the Company settled the remaining balance of the outstanding amount and the Petition had been withdrawn.

In view of the above, the directors of the Company have reviewed the Group’s cash flow projections covering a period of twelve months from 30 September 2019 which have taken into account the followings:

- (i) the Group’s property development projects had shown steady progress with satisfactory results from pre-sales activities and the Group is in the process of accelerating the pre-sales and sales of its properties under development;
- (ii) the continuous financial support from related parties;
- (iii) the unutilised loan facility from a related company beneficially owned by a controlling shareholder of approximately RMB927,412,000 that will not be expiring before 30 September 2020; and
- (iv) the forecasted operating cash flows for the twelve months ending 30 September 2020.

Based on the above, in the opinion of the directors of the Company, the Group will have sufficient working capital to fulfill its financial obligations as and when they fall due in the coming twelve months from 30 September 2019. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these condensed consolidated financial statements on a going concern basis. These condensed consolidated financial statements do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2019 except as described below.

In the current interim period, the Group has applied, for the first time, the following amendments ("new and revised HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 April 2019.

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

The adoption of HKFRS 16 resulted in changes in the Group's accounting policies and adjustments to the amounts recognised in the condensed consolidated financial statements. The new accounting policies are set out in note 3 below. The directors of the Company consider that, the application of other new and revised HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts on adoption of HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new accounting policies are described in note 3. The Group has applied HKFRS 16 Leases retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 April 2019, and has not restated comparatives for the 2019 reporting period as permitted under the specific transitional provisions in the standard. According, certain comparative information may not be comparable as comparative information was prepared under HKAS 17 Leases.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

The major impacts of the adoption of HKFRS 16 on the Group's condensed consolidated financial statements are described below.

The Group as lessee

On adoption of HKFRS 16, the Group recognised lease liability in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). The liability was measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liability on 1 April 2019 was 8.82%.

The Group recognises right-of-use assets and measures them at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The following table summarises the impact of transition to HKFRS 16 as at 1 April 2019. Line items that were not affected by the adjustments have not been included.

		Carrying amount previously reported as at 31 March 2019	Impact on adoption of HKFRS 16	Carrying amount as restated at 1 April 2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Right-of-use assets	(a)	–	667,954	667,954
Prepaid lease payments	(b)	662,476	(662,476)	–
Lease liability–current	(a)	–	2,000	2,000
Lease liability–non-current	(a)	–	3,478	3,478
		<u> </u>	<u> </u>	<u> </u>

Notes:

- (a) As at 1 April 2019, right-of-use assets were measured at an amount equal to the lease liability of approximately HK\$5,478,000 as if HKFRS 16 had been applied since the commencement date. Any difference between the right-of-use assets and the lease liability was recognised as an adjustment to the opening balance of accumulated losses.
- (b) Prepaid lease payments of approximately HK\$662,476,000 which represent the upfront payments for leasehold lands in the PRC as at 31 March 2019 were adjusted to right-of-use assets.

2.2 Practical expedients applied

On the date of initial application of HKFRS 16, the Group has used the following practical expedients permitted by the standard:

- not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-4 Determining whether an Arrangement contains a Lease;
- reliance on previous assessments on whether leases are onerous by applying HKAS 37 as an alternative to performing an impairment review; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

3. CHANGE IN ACCOUNTING POLICIES

Leases

Definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments.

The lease liability is presented as a separate line in the condensed consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the “Impairment of tangible assets other than goodwill” policy as stated in the Group’s annual consolidated financial statements for the year ended 31 March 2019.

4. OPERATING SEGMENT INFORMATION

Over 90% of the Group's revenue, expenses, assets and liabilities are generated from the Group's property development and investment projects in Changsha, Hunan Province (the "Changsha Project"), Qinhuangdao of Hebei Province (the "Qinhuangdao Project") and Ningxia, Yinchuan City (the "Ningxia Project") in the People's Republic of China (the "PRC"). The chief executive officer (the chief operating decision maker) makes decisions about resources allocation and assesses performance of the Group based on the operating results and financial position of the Group as a whole, as the Group's resources are integrated and no other discrete operating segment information is provided to the chief operation decision maker. As much, no segment information is presented.

Accordingly, the chief executive officer is of the opinion that the Changsha Project, Qinhuangdao Project and Ningxia Project in the PRC is a single reportable operating segment of the Group.

An analysis of the Group's revenues from external customers for each group of similar products and services is disclosed in note 5.

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

For the six months ended 30 September 2019 and 2018, the Group had no transaction with external customer which individually contributed over 10% of the Group's total revenue.

5. REVENUE, OTHER INCOME AND GAIN

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

	Six months ended 30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Type of good and service under HKFRS 15		
– Sales of properties	132,722	63,770
– Management fee income	10,570	10,104
Total revenue from contracts with customers	143,292	73,874
Revenue from other source		
– Rental income	15,182	17,747
	158,474	91,621
	Six months ended 30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
– At a point in time	132,722	63,770
– Over time	10,570	10,104
	143,292	73,874

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other income and gain		
– Bank interest income	67	52
– Net exchange gain	7	76
Sales of fashion wears and accessories	–	41
Gain on disposals of property, plant and equipment	147	–
Others	899	193
	<u>1,120</u>	<u>362</u>

6. FINANCE COSTS

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

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	110,241	135,714
Interest on notes payable	13,186	6,618
Interest on lease liability	182	–
	<u>123,609</u>	<u>142,332</u>
Less: Amount capitalised in the cost of qualifying assets	<u>(53,807)</u>	<u>(19,920)</u>
	<u>69,802</u>	<u>122,412</u>

The capitalisation rates used to determine the amount of borrowing costs eligible for capitalisation for the six months ended 30 September 2019 and 2018 were 7.98% and 6.86%, respectively.

7. LOSS BEFORE TAX

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

	Six months ended 30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
(a) Staff costs:		
Salaries, wages and other benefits	12,289	12,880
Contributions to defined contribution retirement plans	804	1,032
	<u>13,093</u>	<u>13,912</u>
(b) Other items:		
Cost of inventories recognised as expenses	128,719	64,344
Depreciation of property, plant and equipment	1,649	1,336
Depreciation of right-of-use assets	9,731	–
Amortisation of prepaid land lease payments	–	9,090
Direct operating expenses incurred for investment properties that generated rental income during the period	<u>2,376</u>	<u>3,812</u>

8. INCOME TAX EXPENSE

No provision for PRC Enterprise Income Tax and Hong Kong profits tax has been made for the six months ended 30 September 2019 as the Group did not generate any assessable profits arising in PRC and Hong Kong respectively during the period (six months ended 30 September 2018: Nil).

	Six months ended 30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Deferred tax	<u>14,804</u>	<u>9,739</u>

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share amounts is based on the loss for the period attributable to owners of the Company and the weighted average number of ordinary shares in issue during the period, calculated as follows:

	Six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss attributable to equity holders of the Company, used in the basic loss per share calculation	<u>(61,490)</u>	<u>(135,880)</u>
Weighted average number of ordinary shares in issue during the period, used in the basic loss per share calculation	<u>23,336,687,255</u>	<u>23,336,687,255</u>

(b) Diluted loss per share

For the six months ended 30 September 2019 and 2018, diluted loss per share is same as basic loss per share as the Company has no potential ordinary shares outstanding during the period.

10. INTERIM DIVIDEND

No payment of interim dividend was recommended for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

11. TRADE RECEIVABLES

	30 September 2019 <i>HK\$'000</i> (Unaudited)	31 March 2019 <i>HK\$'000</i> (Audited)
Rental receivables	851	1,128
Rental recognised using the straight-line method	<u>14,110</u>	<u>13,831</u>
	<u>14,961</u>	<u>14,959</u>

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

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

	30 September 2019 <i>HK\$'000</i> (Unaudited)	31 March 2019 <i>HK\$'000</i> (Audited)
Within one year	–	234
More than one year	<u>851</u>	<u>894</u>
	<u>851</u>	<u>1,128</u>

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

12. TRADE PAYABLES

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

	30 September 2019 <i>HK\$'000</i> (Unaudited)	31 March 2019 <i>HK\$'000</i> (Audited)
Within one year	562,791	520,324
One to two years	167,340	127,345
Over two years	26,667	53,715
	<u>756,798</u>	<u>701,384</u>

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

13. SHARE CAPITAL

	30 September 2019		31 March 2019	
	No. of shares	Amount <i>HK\$'000</i>	No. of shares	Amount <i>HK\$'000</i>
<i>Authorised:</i>				
Ordinary shares of HK\$0.05 each				
At 30 September 2019 (unaudited)/				
31 March 2019 (audited)	<u>40,000,000,000</u>	<u>2,000,000</u>	<u>40,000,000,000</u>	<u>2,000,000</u>
<i>Issued and fully paid:</i>				
Ordinary shares of HK\$0.05 each				
At 30 September 2019 (unaudited)/				
31 March 2019 (audited)	<u>23,336,687,255</u>	<u>1,166,834</u>	<u>23,336,687,255</u>	<u>1,166,834</u>

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “Board”) of directors (the “Directors”) of Richly Field China Development Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six-month period ended 30 September 2019 (the “Reporting Period”), together with the unaudited comparative figures for the six-month period ended 30 September 2018 (the “Corresponding Period”).

BUSINESS REVIEW

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

Projects Overview

Changsha Outlets Project

Located in Changsha Wangcheng National Economic and Technological Development Zone, Changsha Outlets Project features a special “residential + commercial” product mix in the local market to establish the Group’s market recognition as a featured property developer. The project covers an area of 1,500 mu, comprising a residential portion (Outlets Town) and a commercial portion (Globe Outlets), with a planned area of 500 mu and 1,000 mu, respectively.

Residential Project – Outlets Town or Outlets City

Specially designed by the Group as a high-class low-density residential community in Spanish style, Outlets Town offers high-quality detached and semi-detached houses, townhouses, bungalows and high-rise buildings, surrounded by verdant plants along with well-designed streams and bridges, with a super-low plot ratio. It outperforms other nearby property projects in terms of appearance, quality, unit layout and comfort. In particular, the dedicated landscaping of the community with 40% thereof covered by plants makes it uncomparable by other properties, offering residents there fresh life with abundant oxygen.

In terms of project construction, during the Reporting Period, the Group commenced the development of 37 buildings for Outlets Town under the brand-new promotion name of Outlets City. The project construction is progressing smoothly. The main structures, interior and exterior masonry walls and the plastering thereof, and external wall putty work have been completed for the first ten buildings for which pre-sale permits have been obtained. Decoration of the exterior wall and installation of doors, windows and equipment will be carried out subsequently. In addition, the construction of the second batch of ten buildings is also actively advancing. As at the date of this announcement, the main structures are almost completed for five of them, more than half-completed for two of them, and approaching half-completed for the remaining three. The Group is actively acquiring pre-sale permits for the second batch of ten buildings, with five of them obtained on 27 November 2019.

The Group obtained the construction work planning permit and construction work commencement permit for Wangcheng Nanya School (望城南雅學校) on 8 January and 17 July 2019, respectively. As disclosed in the 2019 Annual Report of the Company, the school plans to officially enrol students in September 2019. However, due to the continual rain, the construction of the school has been inevitably delayed. At present, acceptance of the main structure has been completed for the secondary school section, and interior painting, ceiling putty work and construction of indoor staircase of the conference hall will be carried out subsequently. The basic division of the primary school section has passed the examination and acceptance. Capping of the main structure of the two teaching buildings and the conference hall has been completed, and the main structure of the complex building has been constructed to the third floor. In addition, the foundation construction of the north and south gates has been also completed. To support the enrolment plan, the Group will strive to speed up the project construction and actively negotiate with the local government with an aim to timely deliver high-quality properties that can be put into use immediately.

In terms of marketing, the property products of the first ten buildings of Outlets City that have been offered for pre-sale were sold out quickly during the Reporting Period. Against the backdrop of the overall depressed national housing market, the sales performance of Outlets City is indeed encouraging. It demonstrates that the Group's residential products are rather competitive even in a depressed market. The Group is confident that it can seize these sales opportunities to quickly convert inventory land into marketable products and ease the Company's cash flow pressure. In this regard, the Group is overcoming every obstacle to obtain the pre-sale permits for the second batch of ten buildings to ensure that sales are carried out in an orderly and compliant manner. While we are trying to obtain the pre-sale permits, the marketing teams are sparing no effort to carry out various activities to secure potential customers and promote the products. Through marketing channels such as print media, outdoor advertising and We-Media platforms, they push the latest information about the products to customers from time to time to attract loyal customer groups with customized high-quality products based on their preference.

Changsha Property Management Services

To further diversify and integrate the Group's business lines, the Company established Changsha Richly Field Outlets Property Management Limited* (長沙裕田奧萊物業管理有限公司) on 20 April 2011 as a wholly-owned subsidiary to provide professional property management services for the Changsha Outlets Project. In order to ensure service quality and enhance service awareness of staff, the Group conducts professional training on manners and etiquette, fire safety, operational safety, and engineering and maintenance, and visits excellent peers to learn from their outstanding performance from time to time. Since its establishment, the property service team has handled numerous sorts of service needs, and would even go high-above or deep-underground whenever necessary to satisfy those needs. As such, the team has greatly improved its service capability through accumulated experience day after day, and effectively eliminates the concerns of the property owners and business partners. In addition, the Group intends to develop professional and replicable service teams through actual practice, with an aim of applying effective property management models to other project sectors of the Group that are about to be put into operation.

Commercial Properties – Globe Outlets

Globe Outlets, the commercial portion of the Changsha Outlets Project with a developed area of nearly 100,000 sq.m. so far, has attracted loyal partners and customers by providing European and American-style block-type shopping experience, spacious green parks with perfect combination of greenery landscape and natural scenery, a portfolio of domestic and internationally renowned brands, sound amenities as well as favourable and flexible business terms.

During the Reporting Period, the Group constantly explored and adjusted the business operation model that was suitable for it. In addition to highlighting the individuality of the mall, the Group also seek innovative selling points that can generate revenue for the mall, pulling in customers with the most attractive product portfolio to increase visits of the project, thereby enhancing the sales performance of the branded stores that settled in the mall. During the Reporting Period, Globe Outlets brought in HappyNest, which provided imported household products with a business area of more than 2,000 sq.m., offering selected high-quality niche products from all over the world to customers with a full range of household solutions including furniture, home furnishings, curtains, wallpaper, and soft-decoration designs, and allowing customers to easily select quality niche furniture from all over the world at their doorsteps without the need to shop online or over a long distance. The introduction of this business greatly enriched the product structure of Globe Outlets, making it more special as compared to its competitors. In addition, two major sports brands, Kappa and Supreme, were introduced during the Reporting Period, taking the already high performing Globe Outlets to an exceptional level. The settlement of major brands not only creates more revenue streams for the Group, but also greatly bolsters the cooperation confidence of other settled brands and interested partners. The business operation model where major brands help bring in small brands is bound to invigorate the commercial atmosphere and drive the overall sales.

Thus, through a series of product structure upgrades, Globe Outlets has grown into a distinctive local business hub, featuring more than 200 domestically and internationally renowned fashion retail brands, large separate indoor trampoline centre with over 5,000 sq.m., Letian IMAX cinema, fitness gym for all, indoor constant temperature swimming pool and children's water park, high-end chain kindergarten, and brand catering, all of which showcase the uniqueness of Globe Outlets. In addition, with its unique European and American-style architectures and open-plan block-type shopping and event space, Globe Outlets not only meets its marketing needs with spacious operational venues, but also frequently provides venues for large-scale local community activities, such as the First Writing Ceremony of the Globe Outlets Boyuan Kindergarten (環奧博苑幼稚園開筆禮), the Children's Swimsuit Show for Children's Day, Baishazhou Street's promotional performance on Special Crackdown Against Crime Syndicates (白沙洲街道“掃黑除惡專項鬥爭”宣傳匯演), the anti-drug volunteer cycling event of Baishazhou Street themed Healthy Life, Green and Drug-Free (白沙洲街道“健康人生、綠色無毒”禁毒志願者騎行主題活動), the Globe Outlets Children's Eloquence Competition (環奧魅力口才少兒才藝大賽), the Wangcheng Art School Culture and Art Joint Performance (望城藝校文化藝術匯演活動), the 5th Anniversary of the Globe Outlets, and the Hoverboard Contest, which have attract a lot of traffic. As a beautiful landscape in Wangcheng District, Globe Outlets joined hands with the Tourism Bureau of Wangcheng District Government to create a Wangcheng Leifeng Tourist Station, a tourism-themed demonstration zone, by building a self-driving travel service system, thereby building Globe Outlets into a major local tourist attraction using government resources.

Qinhuangdao Venice-City of Water Outlets Project

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

Qinhuangdao Venice-City of Water Outlets Project covers an area of approximately 1,077 mu, planned to be developed in three phases. Phase 1 of the project covers a total area of approximately 230,000 sq.m., which is planned to be developed into outlets business (including Latitude Space), a health preservation hotel, resort villas and an exhibition hall, along with supporting parking lots and greenery landscape. During the Reporting Period, the Group continued to focus on the development of ABC sections of Phase 1 of the project.

In terms of permits, the Group has obtained the construction work planning and commencement permits for ABC sections and the exhibition hall of Phase 1, as well as the pre-sale permits for the first 59 resort units. In terms of project construction, the exhibition hall has been used to commence pre-sale of the resort units of the Phase 1; the main structure of outlets business, which covers an area of 70,000 sq.m., has completed capping. The Latitude Space Indoor Trampoline Park was capped on 20 September 2019. A total of 189 resort units with designed courtyard have been planned in one-storey, two-storey or three-storey duplexes, among which 129 units are capped and others are undergoing construction of the secondary structure and are planned to complete exterior decoration before the winter break. The entrance and exit and front view of the project have been initially built, and the main structure of the clock tower has been completed up to a height of 42 meters. In relation to the health preservation hotel, Qinhuangdao Outlets Real Estate Company Limited has entered into an indicative strategic cooperation agreement with Nanjing Jinling Hotel (南京金陵酒店) in 2017. The joint review of the proposal was completed by relevant competent authorities in October 2019, and the construction is expected to commence in 2020.

Yinchuan Project

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

Residential project – Jin Sheng Yue Jing (金盛閱景)

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

During the Reporting Period, fire inspection and completion acceptance were completed for Phase 1 of Jin Sheng Yue Jing, and the proof of delivery was obtained on 6 November this year. As at the date of this announcement, over 120 of the units in Phase 1 have been delivered.

The planned gross floor area of Phase 3 is approximately 140,000 sq.m., planned to be developed into 14 11/18-storey exquisite high-rise buildings. During the Reporting Period, the Group successfully obtained the construction work commencement permit for 14 residential buildings and underground garages under Phase 3 on 28 April 2019. On 12 July 2019, Phase 3 of the project under construction was awarded the Top Ten Sites of Helan County Adopting Standard Practice by the Helan County Administration of Housing and Urban-Rural Development for its excellent construction quality. To date, capping for the main structure was completed for seven buildings in Phase 3 on 12 September 2019, and the Group obtained pre-sale permits for a total of seven buildings on 28 August and 18 September 2019, respectively, and commenced pre-sales for Phase 3. Due to its high cost performance and complete education, medical and other living facilities, sales performance of Phase 3 of Jin Sheng Yue Jing maintained a leading position in the industry.

Yinchuan Commercial Properties

The Yinchuan Commercial Properties project consists of three commercial buildings and two corridors, with a total gross floor area of approximately 95,000 sq.m. and an occupancy rate of 91.56%. Shops in the buildings are engaged in trading of high-end building materials, premium furniture, and blackwood products, respectively, featuring building materials and household products such as ceramics, sanitary ware, flooring, stairs, doors and windows, cupboards, lamps, wall paper, bedroom, sofas, suites and other furniture.

In terms of business solicitation, during the Reporting Period, the Group brought in a large indoor trampoline centre and a boxing gym to the corridors, which invigorated the existing product portfolio, and attracted a wider range of shopping groups with a unique business structure. At the same time, with its mature brand influence in the field of household products and building materials, the Group successfully brought in international top-tier household brand Zuoyou (with a contracted area of approximately 1,500 sq.m.) and CBD Platinum high-end series household products, as well as a number of domestic top-tier brands, such as Dong Peng Tiles (東鵬瓷磚) and Huida Sanitary Ware (惠達衛浴). In addition, the introduction of Fotile, Haier Electrics, Jingdong home appliances and other well-known domestic brands filled the gap in the home appliance business and acted as a connecting link for upgrade.

In terms of marketing, during the Reporting Period, the Group joined hands with brand partners and encouraged alliance stores to host a number of large alliance marketing events and the Meet Your Idol Girl, Get a Discount (“女神價到”) fans meeting, which attracted large traffic to the mall and drove significant sales on the event dates. At the same time, the Group actively collaborated with government departments to hold the large-scale public welfare event Care for Left-Behind Children (“關注留守兒童”), undertaking its corporate social responsibility as a large enterprise.

Associated Companies

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

Huailai Project

The master plan, demonstration area design plan, chateau design plan and environmental impact assessment of the characteristic villa residential and winery project in Huailai of Hebei have been completed. The project is developed by Huailai Dayi Winery Company Limited* (懷來大一葡萄酒莊園有限公司), a 50%-owned associated company of the Company. In the demonstration area, access to roads, electricity and water supply has been in place and certain works regarding landscaping, planting and slope wall reconditioning have been completed. In addition, bidding for a parcel of construction land of approximately 480 mu to be put up for sale is under preparation.

Changchun Project

Globe Outlet Town (Jilin) Limited (吉林奧特萊斯世界名牌折扣城有限公司) (“Jilin Company”), a 42%-owned associated company of the Company, obtained land use rights for a piece of land with an area of 443 mu for commercial and residential purposes in Shuangyang District, Changchun City, Jilin Province in April 2016. Upon extensive careful and detailed market research and based on the finding that the local commercial complexes are heavily homogeneous in the context of the overall weak economic environment in Northeast China, in order to seek differentiation, Jilin Company plans to develop its project in Shuangyang District, Changchun into an integrated project (“Jilin Project”) combining a theme park and a cultural tourism town under the theme of cultural tourism and the objective of building a liveable place with elderly care.

Phase 1 of Jilin Project covers an area of approximately 443 mu. Jilin Company intends to initially develop the C3 lot of the land under the promotion name of Jinsheng Premium (金盛逸品), which covers an area of approximately 74 mu with plot ratio of 1.49 and a greening ratio of 30.81%, by planning and building it into a multi-storey high-end residential community with a planned gross floor area of approximately 105,000 sq.m. with hot spring directly accessible to each individual unit.

In terms of project construction, excavation work for the basement and piles construction have been completed for Jinsheng Premium project during the Reporting Period, and construction for the main structure of buildings A1 to A12 is also completed. Subsequently, Jilin Company will focus on the backfilling of planting soil for the greenery landscape project and the construction of the outdoor integrated pipe network. In terms of permits, Jilin Company obtained the pre-sale permits for buildings A1-A11 of Jinsheng Premium on 24 September 2019 and 17 October 2019, respectively, and officially commenced pre-sale of Jilin Project.

To enhance product promotion, Jilin Company held a media briefing on 2 July 2019 and a meet-and-greet event with Chiang Yu-Heng (姜育恆) on August 17 to actively promote the pre-sale of the project. Furthermore, in mid-August, the company donated RMB500,000 to the flood-stricken Shuangyang District of Changchun City in Jilin Province, establishing a positive corporate image to earn market trust and thoroughly implementing the company's guiding policy of penetrating into the local market. To enhance operating efficiency, Jilin Project also actively tried to bring in strong local teams to join the work by means of subcontracting and entrusted management to achieve sustained development of the project.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a total revenue of approximately HK\$158,474,000 as compared to approximately HK\$91,621,000 for the Corresponding Period. As set out in the financial statements, the revenue of the Reporting Period was mainly attributable to the sales of the properties of the Yinchuan Project in the amount of approximately HK\$125,385,000 which was first launched to the market during the Reporting Period (period ended 30 September 2018: Nil). Besides, the revenue of the Reporting Period also consists of sales of the properties of the ChangSha Project in the amount of HK\$7,337,000 compared to approximately HK\$63,770,000 for the Corresponding Period. Attributed by both the ChangSha Project and the Yinchuan Project, gross rental income of approximately HK\$15,182,000 for the Reporting Period compared to approximately HK\$17,747,000 for the Corresponding Period. Management fee income approximately HK\$10,570,000 for the Reporting Period compared to approximately HK\$10,104,000 for the Corresponding Period.

The loss attributable to equity holders amounted to approximately HK\$61,490,000 as compared to approximately HK\$135,880,000 for the Corresponding Period. The loss per share for the Reporting Period was HK0.26 cents as compared to HK0.58 cents for the Corresponding Period.

As for the financing aspect, the Group maintained a number of loan agreements with some related parties throughout the Reporting Period. The Group is involved in a loan facility in December 2016 with, 南京金盛國際家居市場經營管理有限公司, with a total principal amount of RMB300,000,000 (equivalent to approximately HK\$332,580,000) for a term of 3 years at interest rates ranging from of 8.5%-9.5% per annum which was secured by pledging some of the Group's assets (the "Loan 1"), and RMB231,792,000 (equivalent to approximately HK\$256,965,000) had been utilised as at 30 September 2019. The Group had entered into an extension agreement to extend the maturity date of the Loan 1 to December 2020.

Besides, the Group is also involved in a loan facility in the total principal amount of RMB301,800,000 (approximately HK\$334,575,000) with three related parties, namely 金盛置業投資集團有限公司, 南京第一 建築工程集團有限公司 and 江蘇裝飾材料有限公司 (the "Loan 2"). The Loan 2 has a term of 21-months at an interest rate range of 5.7%– 6.19% per annum which was secured by the pledge of certain of the Group's assets and had been fully utilised as at 30 September 2019. The maturity date of the Loan 2 has been extended to 31 December 2020.

Throughout the Reporting Period, the Group also maintained a unsecured revolving loan facility agreement with a related party, 金盛置業投資集團有限公司 (the “Loan 3”). The Loan 3 is in the total principal amount of RMB1,000,000,000 (equivalent to approximately HK\$1,108,600,000) for a term of 21 months at an interest rate of 5% per annum, and RMB72,588,000 (equivalent to approximately HK\$80,471,000) had been utilised as at 30 September 2019. The maturity date of the Loan 3 has been extended to 31 December 2020.

During the Reporting Period, the Group was also financed by a number of interest-bearing borrowings provided by banks and financial institutions. In 2017, the Group entered into loan agreements with a bank and a financial institution 華融 (中國) 投資管理有限公司 in relation to the loan facility in the total principal amount of RMB950,000,000 (equivalent to approximately HK\$1,053,170,000) for a term of 5 years at an interest rate range of 8%-10% per annum which was secured by the pledge of certain of the Group’s assets (the “Loan 4”), which had been fully utilized as at 30 September 2019. The latest status of the Loan 4 has been set out in the “Subsequent Events” section of this announcement.

During the Reporting Period, the Group maintained a secured loan with a financial institution, 中國華融資產管理股份有限公司湖南省分公司. The outstanding principal amount of RMB270,000,000 (equivalent to approximately HK\$299,322,000) for an extension of 2 years at an interest rate range of 11%-11.5% per annum which was secured by the pledge of certain of the Group’s assets (the “Loan 5”). The Loan 5 had been fully utilized as at 30 September 2019. The maturity date of the Loan 5 has been extended up to June 2022.

Subsequent to the expiry of conversion rights on 31 December 2017, convertible notes previously issued to a former substantial shareholder was still outstanding during the Reporting Period. The Group was taken proactive actions to liaise with the notes holder and his authorized representative in relation to the settlement of the outstanding principal and accrued interest of notes payable. On 30 September 2019, the Group has repaid RMB58,000,000 (equivalent to approximately HK\$64,301,000) to the notes holder in relation to the notes payable and with the carrying amount of approximately HK\$42,356,000 remained outstanding as of 30 September 2019. The latest status of such notes payable has been set out in the “Subsequent Events” section of this announcement.

All the financing arrangements mentioned above helped the Group to replenish its cash flow.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments during the Reporting Period.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

CAPITAL STRUCTURE

As at and for the period ended of 30 September 2019, the total number of issued shares of the Company were remained unchange at 23,336,687,255.

LIQUIDITY AND FINANCIAL RESOURCES

The Group mainly finances its business operations with its internal resources and loan facilities from banks and financial institutions. As at 30 September 2019, the Group had cash and bank balances of approximately HK\$30,638,000 (31 March 2019: approximately HK\$75,114,000). The Group's current ratio (measured as total current assets to total current liabilities) was 0.72 times (31 March 2019: 0.72 times). The current ratio as of 30 September 2019 remained at a similar level as 31 March 2019 as the successful extension of terms in relation to the RMB950,000,000 interest-bearing borrowings was classified as a subsequent event. As at 30 September 2019, the secured and unsecured interest-bearing bank and other borrowings and notes payable of the Group amounted approximately HK\$1,352,492,000 (31 March 2019: approximately HK\$1,422,276,000) and approximately HK\$50,736,000 (31 March 2019: approximately HK\$50,335,000) and approximately HK\$42,356,000 (31 March 2019: approximately HK\$93,471,000), respectively. The gearing ratio, which is calculated as a percentage of net debt to total equity, was 474% (31 March 2019: 407%). The increase was mainly due to the increase of contract liabilities and amounts due to related parties.

PLEDGE OF ASSETS

As at 30 September 2019, property interest held by the Group with net carrying amount of approximately HK\$2,255,599,000 (31 March 2019: approximately HK\$2,316,791,000) were pledged to banks for the Group's borrowings.

FOREIGN EXCHANGE EXPOSURES

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

CAPITAL COMMITMENT

As at 30 September 2019, the Group had capital commitments contracted, but not provided for of approximately HK\$600,670,000 (31 March 2019: approximately HK\$690,926,000).

SUBSEQUENT EVENTS

A. Petition filed by the holder of notes payable

On 29 August 2019, the Company received a winding-up petition (the "Petition") dated 27 August 2019 filed by Mr. He Dazhao (the "Petitioner" or the "Holder of Notes Payable") against the Company in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "Court"). The Holder of Notes Payable presented the Petition against the Company for failure to settle an indebted sum of HK\$91,399,761.36, plus further daily interest of HK\$48,850.75, in total being the alleged outstanding amount owed by the Company to the Petitioner. On 30 September 2019, the Company, the Petitioner, and Mr. Wang Hua (as the guarantor of the Notes Payable) entered into a settlement deed. On 8 November 2019, the Company, the Petitioner, and Mr. Wang Hua (as the guarantor of the Notes Payable) entered into a supplemental agreement for the further extension of the repayment date. On 11 November 2019, the Company has effected payment of the remaining balance of the alleged outstanding amount to the Holder of Notes Payable, together with the legal costs incurred by the Holder of Notes Payable. In the morning of 13 November 2019, an order was made by the Court that the Petition be withdrawn with no order as to costs to be borne by the Company. Details of such events have been disclosed in the announcements of the Company dated 29 August 2019, 4 September 2019, 1 October 2019, 22 October 2019, 31 October 2019, 8 November 2019, 11 November 2019 and 13 November 2019.

B. Extension of repayment term for RMB950,000,000 loan

Subsequent to the end of the Reporting Period, in respect of certain interest-bearing borrowings of the Group arranged by a bank and a financial institution in China with a carrying amount of RMB950,000,000 (equivalent to approximately HK\$1,053,170,000 as at 30 September 2019), the Group breached the repayment term of which RMB95,000,000 has been in default since December 2018. On 31 October 2019, the Group entered into a supplemental agreement with the relevant financial institution to extend the repayment terms of such interest-bearing borrowings to subsequent periods. Details of such event have been disclosed in the announcement of the Company dated 31 October 2019.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2019, the Group employed a total of 256 employees (excluding Directors), as compared with 272 employees (excluding Directors) as at 31 March 2019. The Group remunerates its employees based on their performance, working experience and prevailing market parameters. Employee benefits include pension insurance fund, medical insurance coverage, unemployment insurance fund, occupational injury insurance fund, maternity insurance fund, housing provident fund and mandatory provident fund (for Hong Kong employees).

PROSPECTS AND OUTLOOK

In terms of industry policies, the central government's resolution to curb the rising housing prices remains firm. The position that "houses are for people to live in but not for speculation" was further implemented in all aspects. Against the backdrop of overall tightened regulation, the measures tailored to different cities under the general real estate policies become more precise. Differential regulation and assurance of the need for reasonable house purchases remain the essence of the real estate regulation in future. The policy tools of local governments will be more diverse and integrated, shifting from administrative measures currently in effect as the main component towards integrated policy implementation to form a package of policy tools comprising financing, land, finance and taxation, housing security and market management, with stable land prices, housing prices and expectations as targets to maintain the smooth operation of the real estate market.

The stringent policies for the housing market are more professionally challenging to property developers because it is impossible to establish a foothold with a single product model. As a featured real estate developer, the special product portfolios, such as “commercial + residential”, “tourism + commercial”, “real estate + healthcare” and “wineries + residential”, have all demonstrated the Group’s profound and far-sighted strategies to create its own brand features in the competitive housing market. Leveraging the geographical advantages in the places where the projects are located, we diversified complementary resources for the major products and increased product competitiveness and bargaining power, making the Group’s products distinguishable from many others.

The Group’s land reserve is still abundant, and its future development still has unlimited possibilities. The above product portfolios may also be adjusted in response to the ever-changing industrial policies and market demands, provided that any adjustment will be made with the overall interests of the Shareholders as the priority. In addition, in view of the large demand for funds and the generally difficult financing environment, the Group may consider forsaking the traditional mindset of “going it alone” and enhance cooperation with financing institutions, governments and other interested partners, thereby leveraging others’ resources to facilitate its development. The management believes that, by leveraging the Group’s extensive industry experience accumulated over the years and the fitness of products to market demand, the Group’s featured real estate products will definitely create a world of their own.

In addition to real estate business, the trampoline park business, in which the Group has 6% interests, as a pioneer of the industry, has commenced operation in Beijing, Changsha, Nanjing and Shanghai gradually, with a second branch store opened in Beijing as well. In Qinhuangdao, property construction for the trampoline park is underway in full swing, followed by the location selection of new stores and business negotiations in Hangzhou and Nanjing. The market responded enthusiastically, with sales revenues surging repeatedly, which has diversified the Group’s sources of revenue through multiple channels and improved the Group’s cash flow. Going forward, the Group is confident that this business will become bigger and stronger, and will make itself different from similar products in the market in terms of quality services and experience.

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

INTERIM DIVIDEND

The Board did not recommend any interim dividend for the Reporting Period (30 September 2018: Nil).

CORPORATE GOVERNANCE

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

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

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

INTERNAL CONTROL

The Board is well aware of its responsibility to maintain high standards of internal control systems and to review the effectiveness of such systems during the process of implementation. The systems are intended to provide a reasonable but not absolute assurance regarding operational effectiveness and efficiency, reliability of financial reports and compliance with laws and regulations, with the aim of managing rather than eliminating risks associated with failure to meet business objectives.

The Board is fully responsible for assessing and determining the nature and extent of the risks to which the Company is willing to assume in achieving its strategic objectives, and establishing and maintaining appropriate and effective internal control systems.

The audit committee of the Company (the “Audit Committee”) assists the Board in leading the management and supervising the design, implementation and monitoring of the internal control systems. Subject to the authority of the Board, the Audit Committee may seek external legal, financial or other independent professional advice at the expense of the Company if necessary (subject to prior discussion with the Board on the relevant expenses).

DIRECTOR’S SECURITIES TRANSACTIONS

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

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, the Company and any of its subsidiaries did not purchase, sell or redeem any of the Company's listed securities.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed reviewing, internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial information for the six months ended 30 September 2019.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website at www.richlyfieldchinagroup.com and the Stock Exchange's website at www.hkexnews.hk. The 2019/2020 Interim Report will also be available on both websites and despatched to the shareholders of the Company in due course.

By Order of the Board

Richly Field China Development Limited

Li Yi Feng

Chairman and Chief Executive Officer

Hong Kong, 29 November 2019

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

* *For identification purpose only*