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)

UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

For the reasons explained below under "Preparation of Unaudited Annual Results", the auditing process for the annual results of Richly Field China Development Limited (the "Company") and its subsidiaries (collectively, the "Group") has not been completed. The audited annual results may be different from those contained in this announcement.

The board (the "Board") of directors (the "Directors") of the Company hereby announce the unaudited consolidated annual results of the Group for the year ended 31 March 2020 (the "Year" or "Reporting Period") together with the comparative figures for the year ended 31 March 2019 (the "Corresponding Year") and selected explanatory notes as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2020

	NOTES	**2020** *HK$'000* **(Unaudited)**	2019 *HK$'000* (Audited)
Revenue	*4*	**181,687**	284,184
Cost of sales		**(170,426)**	(307,917)
Gross profit (loss)		**11,261**	(23,733)
(Loss) gain on revaluation of investment properties		**(140,551)**	2,590
Other income and gain		**1,207**	488
Selling expenses		**(11,418)**	(11,571)
Administrative expenses		**(66,921)**	(88,645)
Finance costs	*5*	**(113,913)**	(138,001)
Share of results of associates		**(4,390)**	(1,982)

	NOTES	2020 HK$'000 (Unaudited)	2019 HK$'000 (Audited)
Loss before tax		**(324,725)**	(260,854)
Income tax credit (expense)	*6*	**29,869**	(7,443)
Loss for the year		**(294,856)**	(268,297)
Other comprehensive expense			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(7,794)**	(28,842)
Share of other comprehensive expense of associates		**(4,547)**	(1,924)
		(12,341)	(30,766)
Other comprehensive expense for the year, net of tax		**(12,341)**	(30,766)
Total comprehensive expense for the year		**(307,197)**	(299,063)
		HK$ **(Unaudited)**	*HK$* (Audited)
Loss per share	*7*		
Basic		**(1.26) cents**	(1.15) cents
Diluted		**(1.26) cents**	(1.15) cents

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2020

	NOTES	**2020** ***HK$'000*** **(Unaudited)**	2019 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**27,551**	31,095
Investment properties		**1,323,909**	1,492,566
Right-of-use assets		**553,905**	–
Prepaid land lease payments		**–**	644,699
Interests in associates		**18,414**	56,750
Financial asset designated at fair value through other comprehensive income ("FVTOCI")		**2,724**	2,724
Goodwill		**109,516**	116,650
		2,036,019	2,344,484
Current assets			
Properties under development		**2,294,377**	1,804,630
Completed properties held for sales		**97,589**	98,556
Inventories		**–**	–
Trade receivables		**8,989**	14,959
Prepayments, deposits and other receivables		**209,990**	195,922
Cash and cash equivalents		**27,107**	75,114
		2,638,052	2,189,181
Current liabilities			
Trade payables	*9*	**1,064,654**	701,384
Other payables and accruals		**661,541**	623,691
Contract liabilities		**401,145**	176,019
Amounts due to related parties		**413,968**	98,438
Interest-bearing bank and other borrowings	*10*	**324,931**	1,192,819
Notes payable		**–**	93,471
Provisions		**6,332**	6,745
Lease liabilities		**2,140**	–
Tax payable		**116,227**	127,770
		2,990,938	3,020,337

	NOTES	2020 HK$'000 (Unaudited)	2019 HK$'000 (Audited)
Net current liabilities		**(352,886)**	(831,156)
Total assets less current liabilities		**1,683,133**	1,513,328
Non-current liabilities			
Deferred income		**61,029**	65,004
Amounts due to related parties		**425,199**	683,576
Interest-bearing bank and other borrowings	*10*	**1,052,854**	279,792
Lease liabilities		**1,338**	–
Deferred tax liabilities		**65,011**	100,057
		1,605,431	1,128,429
Net assets		**77,702**	384,899
Equity			
Issued capital		**1,166,834**	1,166,834
Reserves		**(1,089,132)**	(781,935)
Total equity		**77,702**	384,899

NOTES:

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of preparation of the financial statements

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

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

The Group reported net loss of approximately HK$294,856,000. As at 31 March 2020, the Group had net current liabilities of approximately HK$352,886,000 and total borrowings, including interest-bearing bank and other borrowings and amounts due to related parties of approximately HK$738,899,000, which will be due in the coming twelve months from the end of the reporting period. As at the same date, the Group's cash and cash equivalents amounted to approximately HK$27,107,000.

Subsequent to the end of the Reporting Period, the Group did not fulfill the terms of the Group's two bank and other borrowings to repay approximately RMB248,800,000 together with unpaid interest of approximately RMB14,700,000 and put in an aggregate amount of RMB123,000,000 as pledged deposit, respectively on or before 30 June 2020. These constituted events of default and as stipulated in the relevant loan agreements, the bank and the financial institutions have the right to demand immediate repayment of the outstanding principal amounted to RMB1,210,700,000 (equivalent to approximately HK$1,325,111,000) and unpaid interest. The Group has been actively in discussions with the bank and the financial institutions, contents including but not limited to the extension of repayment and the introduction of third-party investors.

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

In view of the above, the directors of the Company have reviewed the Group's cash flow projections covering a period of twelve months from 31 March 2020 which have taken into account the followings:

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

(ii) the continuous financial support from related parties;

(iii) the unutilised loan facility from a related company beneficially owned by a controlling shareholder of RMB1,000,000,000 that will not be expiring before 31 March 2021 of which approximately RMB896,850,000 remained unutilised as at 31 March 2020;

(iv) the forecasted operating cash flows for the year ending 31 March 2021.

Based on the above, in the opinion of the directors of the Company, the Group will have sufficient working capital to fulfill its financial obligations as and when they fall due in the coming twelve months from 31 March 2020. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis. These consolidated financial statements do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

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

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

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 impact of the adoption of HKFRS 16 has been summarised below. The application of other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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 adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this approach, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Comparative information has not been restated and continues to be reported 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)-Int 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 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). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 8.82%.

The Group recognises right-of-use assets and measures them at an 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 at 1 April 2019. Line items that were not affected by the adjustments have not been included.

	Notes	**Carrying amount previously reported at 31 March 2019** *HK$'000* (Audited)	**Impact on adoption of HKFRS 16** *HK$'000* (Unaudited)	**Carrying amount as restated at 1 April 2019** *HK$'000* (Unaudited)
Right-of-use assets	*(a), (b)*	–	667,954	667,954
Prepaid lease payments – non current portion	*(a)*	644,699	(644,699)	–
Prepaid lease payments – current portion	*(a)*	17,777	(17,777)	–
Lease liabilities	*(b)*	–	(5,478)	(5,478)

Notes:

(a) Prepaid lease payments of approximately HK$662,476,000 which represent the prepayment of rentals for land use rights in the PRC were adjusted to right-of-use assets; and

(b) As at 1 April 2019, right-of-use assets in respect of lease arrangement for buildings were measured at an amount equal to the lease liability of approximately HK$5,478,000.

Differences between operating lease commitment as at 31 March 2019, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liability recognised as at 1 April 2019 is as follow:

	HK$'000
Operating lease commitment disclosed as at 31 March 2019 (Audited)	6,100
Discounted using the applicable incremental borrowing rate at the date of initial application	(622)
Lease liability recognised as at 1 April 2019 (Unaudited)	5,478

	HK$'000 (Unaudited)
Analysed as:	
Non-current portion	3,478
Current portion	2,000
	5,478

The Group as lessor

The Group leases some of the properties. The accounting policies applicable to the Group as lessor remain substantially unchanged from those under HKAS 17.

Practical expedients applied

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

- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

New and revised HKFRSs issued but not yet effective

The Group had not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective.

HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[1]
Amendments to HKFRS 16	Covid-19 – Related Rent Concessions[5]

[1] *Effective for annual periods beginning on or after 1 January 2020*

[2] *Effective for annual periods beginning on or after 1 January 2021*

[3] *Effective for annual periods beginning on or after a date to be determined*

[4] *Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020*

[5] *Effective for annual periods beginning on or after 1 June 2020*

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. OPERATING SEGMENT INFORMATION

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

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

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

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

During the year, the Group had no transactions with external customer which individually contributed over 10% to the Group's total revenue (2019: Nil).

4. REVENUE

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

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Sales of properties	**143,999**	235,062
Management fee income	**16,437**	20,379
Total revenue from contracts with customers	**160,436**	255,441
Revenue from other source		
Rental income for investment properties under operating lease		
– Lease payments that are fixed or depend on an index or a rate	**9,270**	10,509
– Variable lease payments that do not depend on an index or a rate	**11,981**	18,234
	21,251	28,743
	181,687	284,184
Timing of revenue recognition		
At a point in time	**143,999**	235,062
Over time	**16,437**	20,379
Total revenue from contracts with customers	**160,436**	255,441

5. FINANCE COSTS

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

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Interest on bank and other borrowings	**184,748**	225,960
Interest on notes payable	**13,868**	8,784
Interest on lease liabilities	**362**	–
Less: Amount capitalised in the cost of qualifying assets	**(85,065)**	(96,743)
	113,913	138,001

6. INCOME TAX CREDIT/(EXPENSE)

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

Under the Law of the People's Republic of China on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries registered in the PRC is 25% (2019: 25%).

No provision for Hong Kong profits tax has been made for the year ended 31 March 2020 as the Group did not generate any assessable profits arising in Hong Kong during the year (2019: Nil).

7. LOSS PER SHARE

(a) Basic loss per share

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

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loss attributable to owners of the Company	**(294,856)**	(268,297)

	2020	2019
	(Unaudited)	(Audited)
Weighted average number of ordinary shares (basic)	**23,336,687,255**	23,336,687,255

(b) Diluted loss per share

For the year ended 31 March 2020 and 2019, basic loss per share is the same as diluted loss per share as there are no potential ordinary shares outstanding for the year.

8. DIVIDENDS

The directors of the Company do not recommend the payment of any dividends in respect of the year ended 31 March 2020 (2019: Nil).

9. 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:

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**935,264**	520,324
One to two years	**18,695**	127,345
Over two years	**110,695**	53,715
	1,064,654	701,384

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

10. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2020		2019	
	Contractual interest	*HK$'000*	Contractual interest	*HK$'000*
		(Unaudited)		(Audited)
Current				
Bank loans – secured *(note a)*	**8%-10%**	**272,257**	8%-10%	1,107,510
Bank loans – unsecured	**6.53%**	**10,945**	6.53%	11,658
Other loans – secured		**–**	11%	34,974
Other loans – unsecured	**6.4%-36%**	**41,729**	6.4%-36%	38,677
		324,931		1,192,819
Non-current				
Bank loans – secured *(note a)*	**8%-10%**	**757,339**		–
Other loans – secured *(note b)*	**11%-11.5%**	**295,515**	11%-11.5%	279,792
		1,052,854		279,792

(a) During the Year, in respect of bank and other borrowings with the principal amount of RMB940,700,000 (equivalent to approximately HK$1,029,596,000), the Group entered into a supplemental agreement in October 2019, in which the due dates thereof have been extended and there is a repayment amount of approximately RMB248,800,000 (equivalent to approximately HK$272,312,000) together with unpaid interest of approximately RMB14,700,000 (equivalent to approximately HK$16,089,000) due on or before 30 June 2020. Subsequent to the Reporting Period, the Group failed to repay on or before 30 June 2020 and breached the repayment terms. Pursuant to the terms of the supplemental agreement, the bank and the financial institution have a discretionary right to demand immediate full repayment of the outstanding principal of RMB940,700,000 together with any unpaid interest. The directors of the Company have commenced negotiation of the repayment terms of the loan with the relevant bankers since then.

(b) Subsequent to the Reporting Period, in respect of an other borrowing with a carrying amount of RMB270,000,000 (equivalent to approximately HK$295,515,000) as at 31 March 2020, the Group breached the term to put in an aggregate amount of RMB123,000,000 (equivalent to approximately HK$134,624,000) as pledged deposit on or before 30 June 2020. Pursuant to the terms of the extension agreement, the financial institution has a discretionary right to demand immediate full repayment of the outstanding principal of RMB270,000,000 (equivalent to approximately HK$295,515,000) together with any unpaid interest. The directors of the Company have commenced negotiation of the repayment terms of the loan with the relevant bankers since then.

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the "Board") of directors (the "Directors") of Richly Field China Development Limited (the "Company") hereby present the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2020 (the "Year" or the "Reporting 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.

During the Year, the Group recorded a total revenue of HK$181,687,000, representing a decrease of 36.1% as compared to HK$284,184,000 for the year ended 31 March 2019 (the "Corresponding Year"). The decrease in revenue was mainly attributable to the impact of the novel coronavirus disease (COVID-19) pandemic, sales were stopped for a few months. In terms of the revenue breakdown, the sales of properties, gross rental income and management fee income were approximately HK$143,999,000 (Corresponding Year: HK$235,062,000), HK$21,251,000 (Corresponding Year: HK$28,743,000) and HK$16,437,000 (Corresponding Year: HK$20,379,000), respectively. The Group recorded a loss on revaluation of investment properties of HK$140,551,000 for the Year as compared to a gain of HK$2,590,000 for the Corresponding Year. The loss attributable to equity holders for the Year amounted to HK$294,856,000 representing a 9.9% increase as compared to HK$268,297,000 for the Corresponding Year. The loss per share for the Year was HK$1.26 cents as compared to HK$1.15 cents for the Corresponding Year.

Key projects of the Group include Changsha Outlets Project, which is a comprehensive project comprising the "Globe Outlets" (commercial) and "Outlets Town" (residential) developed by the Group in Changsha, Hunan Province, the People's Republic of China (the "PRC"), and the JeShing European City Project which is a comprehensive project comprising "建材樓" (residential), "家居樓" (residential) and "太平商場" (commercial) and JinSheng Yue Jing (residential) developed by the Group in Yinchuan, Ningxia Hui Autonomous Region, the PRC, together with the Qinhuangdao Venice-the City of Water Outlets Project which is a comprehensive project developed by the Group in BeiDaiHe new district, Qinhuangdao, Hebei, the PRC.

As for financing aspect, regarding the loan agreements with a related party, 南京金盛國際家居市場經營管理有限公司, the total outstanding principal amount was approximately RMB231,792,000 (equivalent to approximately HK$253,696,000) (the "Other Loan 1") as at 31 March 2020 and is due to repay on 31 December 2020. Other Loan 1 is with an interest rate of 9.5% per annum and was secured by the pledge of certain of the Group's assets.

Regarding the loan agreement with related parties, JeShing Real Estate Group Company Limited*（金盛置業投資集團有限公司）, 南京第一建築工程集團有限公司 and 江蘇裝飾材料有限公司, the total outstanding principal amount was RMB301,800,000 (equivalent to approximately HK$330,320,000) (the "Other Loan 2") as at 31 March 2020. Other Loan 2 is due in December 2020, with an interest rate range of 5.7%-6.19% per annum and was secured by the pledge of certain of the Group's assets.

In 2017, the Group entered into loan agreements with a bank together with a financial institution in relation to the loan facility in the total outstanding principal amount of RMB940,700,000 (equivalent to approximately HK$1,029,596,000) for a term of 5 years at an interest rate range of 8%-10% per annum which was secured by the pledge of certain of the Group's assets (the "Other Loan 3"), which had been utilised as at 31 March 2020. Subsequently in October 2019, the Group entered into a supplemental agreement, in which the due dates of Other Loan 3 has been extended and there is a repayment amount of RMB248,800,000 (equivalent to approximately HK$272,312,000) (the "First Installment") together with unpaid interest of approximately RMB14,700,000 (equivalent to approximately HK$16,089,000) due on or before 30 June 2020.

The Group entered into an extension loan agreement regarding a revolving loan facility agreement with a related party, JeShing Real Estate Group Company Limited during the Year, in relation to an unsecured loan facility in the total principal amount of RMB1,000,000,000 (equivalent to approximately HK$1,094,500,000) (the "Other Loan 4") at an interest rate of 5% per annum, in which the due dates of Other Loan 4 has been extended to December 2021. As at 31 March 2020, approximately RMB103,150,000 (equivalent to approximately HK$112,898,000) had been utilised.

Regarding the loan agreement with a financial institution (the "Hunan Huarong"), the total outstanding principal amount was RMB270,000,000 (equivalent to approximately HK$295,515,000) (the "Other Loan 5") as at 31 March 2020. The interest rate was ranged of 11%-11.5% per annum and secured by the pledge of certain of the Group's assets. Subsequently in June 2019, the Group entered into an extension agreement, it shall be due in June 2022. The Group is required to deposit RMB123,000,000 (equivalent to approximately HK$134,624,000) as pledged deposit into a designated bank account by Hunan Huarong (the "Additional Deposit") during the period from 1 July 2019 to 30 June 2020.

Total amount obtained by the Group from Other Loan 1, Other Loan 3 and Other Loan 5 was approximately RMB1.44 billion (equivalent to approximately HK$1.58 billion) as at 31 March 2020 and was solely used for funding the Changsha Outlets Project. Due to the large financing amount at the early stage of the Changsha Outlets Project, financial costs have increased year by year, coupled with the local government's strong implementation of strict real estate policies, the purchasing power and profitability are greatly reduced and the tightening of the financing environment has made the Company more difficult to satisfy its working capital.

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 approximately 1,500 mu, comprising a residential portion (Outlets Town) and a commercial portion (Globe Outlets), with a planned area of approximately 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, middle-height buildings 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 greenery and landscape design of the community highlight the project out of the others, which offers a green space ratio of 40%, creating abundant oxygen by plenty of plants.

During the Reporting Period, the Group continued to focus on developing Section C, which covers a site area of approximately 204 mu, planned to be developed into 37 11-storey buildings and a kindergarten. Currently, the project construction is progressing smoothly. For the first batch of ten buildings for which pre-sale permits have been obtained, the main structures, interior and exterior masonry walls and the plastering thereof, and external wall putty work have been completed during the Reporting Period. Basement fire control works, indoor fire control and water supply works have been basically completed. Decoration of the exterior walls and installation of doors, windows and equipment are under progress. For the second batch of ten buildings, the capping of main structures has been completed, masonry walls are basically completed, and plastering of interior and external walls is in progress. The Group is actively acquiring pre-sale permits for the second batch of ten buildings, with five of them obtained on 27 November 2019.

Outlets Town is equipped with the renowned nine-year school, Wangcheng Nanya School（望城南雅學校）. The school had commenced construction during the Reporting Period. However, due to continuously rainy weather in the local area and workers' delayed resumption of work due to the outbreak of COVID-19 at the beginning of this year, the construction of the school is not progressed as scheduled. At present, examination and acceptance of the main structure has been completed for the secondary school section, interior painting, ceiling putty work and construction of indoor staircase of the conference hall have been completed by 80%, the external wall brickwork has been completed, and the external wall painting has been completed by 50%. The basic division of the primary school section has passed the examination and acceptance. Capping of the main structure of the two teaching buildings, the conference hall and the complex building has been completed. The main structures of the basement and waterproof works of exterior walls have been completed by 50%. The capping of the main structures of the southern and the northern gates has been completed. The construction of the main structures of eastern and western enclosures has been completed. The earthwork backfilling of the north road has been completed. The Group has optimized the recourse allocation for construction of the school, striving to achieve partial enrollment in September this year.

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, currently has more than 200 domestically and internationally renowned fashion retail brands, a large separate indoor trampoline centre with an area of over 5,000 sq.m., a Letian IMAX cinema, an art education and training organization, HappyNest (a supermarket for imported household products), an indoor constant temperature swimming pool and children's water park, a cartoon amusement park for children, a high-end chain kindergarten, and brand specialty catering.

During the Reporting Period, Globe Outlets brought in Huayue Art Education Training Institute（華悦藝術教育培訓機構）, an institution providing integrated services including children art training, middle school art education and art training for college entrance examination, with an operation area of more than 5,000 sq.m. It also brought in HappyNest, an integrated household market offering selected high-quality niche products imported from all over the world, with an operation area of more than 3,000 sq.m. In addition, two major sports brands, Kappa and Supreme, were introduced during the Reporting Period. Catering and snack brands popular among teenagers, including Modern China Tea Shop（茶顏悦色）, Shuyi Herbal Jelly（書亦燒仙草）, Shengxiangting（盛香亭）and Hutuzhua（胡途爪）, were also brought into the Globe Outlets. Long Qi Le Children's Animation Experience Center（龍騎樂兒童樂園動漫體驗中心）, with an operation area of 2,000 sq.m., also settled in Globe Outlets, directly targeting children as its customers.

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, by function, into outlets business (including Latitude Space), a health preservation hotel, resort units 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 Phase 1 of the project.

In terms of permits, the Group has successively obtained the construction work planning and commencement permits for Phase 1 and the exhibition hall, as well as the pre-sale permits for the first 59 resort units. In terms of project construction, the exhibition hall has been put into operation to commence the 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, with secondary structure construction completed by 50%. 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 were capped and others are undergoing construction of the secondary structure. 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. 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 construction work planning permit was obtained on 3 December 2019, and the construction is expected to commence in the second half of 2020.

In addition, the planning schemes for Phase 2 and Phase 3 were reviewed and approved by Qinhuangdao Municipal Planning Commission on 8 April 2020. In particular, Phase 2 has been ascertained to be developed section by section. The Group plans to obtain the construction work planning permit for section 1 of Phase 2 in early June 2020, which is planned to be developed into multiple four-storey and six-storey bungalows and supporting community facilities.

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 as scheduled, and the proof of delivery was obtained on 6 November 2019. As at the date of this announcement, units in Phase 1 have been delivered to over 225 property owners.

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, and applied for the Building Structure Quality Project of Yinchuan City. To date, 14 buildings of Phase 3 have passed the work commencement (resumption) examination and acceptance procedures set by the competent construction authority on 5 April 2020, the main structure construction of the basements of 7 buildings in the east is under progress, and the construction of secondary structure and wall masonry filling of the 7 buildings in the west is under progress. 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 consist of three commercial buildings and two corridors, with a total gross floor area of approximately 95,000 sq.m. and an occupancy rate of 92%. Shops in the buildings are engaged in trading of high-end building materials, premium furniture, and blackwood products, featuring building materials and household products such as ceramics, sanitary ware, flooring, stairs, doors and windows, cupboards, lamps, wallpaper, 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 well-established 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 complemented 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 actively encouraged alliance stores to host a number of large alliance marketing events, such as Meet Your Idol Girl, Get a Discount ("女神價到") fans meeting, Happy 26th Anniversary ("幸福26周年，從心出發") discount fair, and JeShing Promotion Campaign ("5動全城、金盛聚惠"). To this end, the Group spent more than RMB1 million of marketing and promotion fees for the shopping mall, which attracted large traffic to the mall and drove significant sales on the event dates. The turnover for alliance stores hit as high as RMB20 million. Meanwhile, as a large enterprise with a strong sense of social responsibility, 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"). In addition, during the outbreak of COVID-19 in the PRC, the Group actively proposed the policy of "Conquering the Difficult Times Together by Reducing Rental and Burden", waiving two months of rental for store tenants. Through various measures and channels, it comprehensively protected the interests of shopping mall tenants and alleviated the burden for medium and micro enterprises to jointly curb the economic loss caused by the pandemic, 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 Province 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. In order to seek differentiated development, 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.

An area of approximately 443 mu of the above lot is used for Phase 1 of Jilin Project. 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, the main structure, secondary structure, retaining wall structure and fire prevention construction of basements, window frame installation, outdoor site leveling, outdoor integrated pipeline network, and partial seedling plantation had been completed for phase 1 of Jinsheng Premium project during the Reporting Period. As at the end of the Reporting Period, the bidding work for the fine decoration bidding section and the procurement bidding for the main decoration materials had been completed. The relevant units have also entered the sites while the water and electricity reconstruction is under way.

Significant Investments

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

Liquidity and Financial Resources

The Group mainly finances its business operations with its internal resources and loan facilities from banks, financial institutions and related parties. As at 31 March 2020, the Group had cash and bank balances amounted to approximately HK$27,107,000 (2019: HK$75,114,000). The Group's current ratio (measured as total current assets to total current liabilities) was 0.88 times (2019: 0.72 times). The secured and unsecured interest-bearing bank and other borrowings and notes payable of the Group amounted to approximately HK$1,325,111,000 (2019: HK$1,422,276,000) and approximately HK$52,674,000 (2019: HK$50,335,000) and nil (2019: HK$93,471,000), respectively as at 31 March 2020. The gearing ratio as at 31 March 2020, which is calculated as a percentage of net debt to total equity, was 1,773% (2019: 407%). The increase was mainly due to the decrease of total equity as a result of loss during the Year.

Foreign Exchange Exposures

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

Subsequent Events

Due to the impact of the novel coronavirus disease (COVID-19) pandemic, property sales were stopped for a few months. It has impacted the cash flow of the Group negatively and the Group defaulted on two loans.

Regarding Other Loan 3, the Group failed to repay the First Installment and unpaid interest on or before 30 June 2020. Regarding to Other Loan 5, the Group failed to put in the full amount of Additional Deposit during the period from 1 July 2019 to 30 June 2020. Pursuant to the terms of the loan agreements of Other Loan 3 and Other Loan 5, the bank and the financial institutions have a discretionary right to demand immediate full repayment of the outstanding principal of RMB940,700,000 (equivalent to approximately HK$1,029,596,000) and RMB270,000,000 (equivalent to approximately HK$295,515,000) respectively together with any unpaid interest. The directors of the Company have commenced negotiations of the repayment terms of the loan with the relevant bankers since then. Up to the date of this announcement, those negotiations are still in progress and have not been concluded.

Employees and Remuneration Policy

As at 31 March 2020, the Group employed a total of 247 employees (excluding Directors), as compared to 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).

Prospect and Outlook

The outbreak of the COVID-19 epidemic at the end of 2019 has gradually spread to different countries across the globe, causing grave challenges to the global economy, with industries like catering, tourism and transportation bearing the brunt especially. As a national pillar industry, the real estate industry is not directly affected, but it also faces severe challenges due to its close ties with many industries. Various disease prevention arrangements, including temporary suspension of land transactions, extension of holidays and disease prevention measures, affect real estate development, the sales outlook is grim and the capital chain of enterprises is also seriously affected.

However, the impact of the epidemic is short-term, exogenous and controllable overall. According to economic data released by the National Bureau of Statistics, the positive trend in domestic disease prevention and control has continued to strengthen, with resumption of work, production and market activities making satisfactory progress. Production demand gradually improve, basic industries have showed strong support, the market performance is expected to be stable in general and economic activities continue to increase, further demonstrating that China has the conditions, foundation and confidence to cope with risks and challenges and achieve sustained economic recovery and improvement. The trend of continued recovery and improvement in key indicators indicates that the fundamentals of China's long-term economic growth remain intact.

On the industry policy front, the positioning of "housing is for people to live in, not for speculation" continue to be adamant, which will undoubtedly be the main theme of the long-term regulation of China's real estate market. Meanwhile, the central government has made it clear that it will not use real estate as a means of providing short-term economic stimulus, and it will maintain the continuity, consistency and stability of real estate and financial policies. On the premise that regulation is not relaxed in general, the central and local governments have implemented a series of support policies, including fiscal, financial and land policies, to ensure the stable and healthy development of the real estate market.

The Board considers that while the short-term changes caused by the epidemic are serious, it is imperative for the Group to carry out the underlying long-term reforms hidden behind such changes. In terms of property development, the Group, relying on its abundant land bank, can flexibly adjust its business strategy based on the current market conditions and demand, roll out innovative product design and boost product resilience amid extreme conditions. Going forward, we may integrate home office elements into the design of residential products and equip the community with more intelligent delivery systems. To date, the Group's real estate transactions still mainly rely on the on-site flat viewing model. Although the model is more suitable for customers whose product demand is inflexible and those who want to improve their living conditions, it exposes the Group to increasing risk of concentration in view of the epidemic. To this end, the Group will strive to expand its future marketing channels, promoting online flat viewing by integrating popular channels such as live streaming platforms, videos and VR to expand brand influence, while mitigating concentration of risks.

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 own development. Furthermore, due to the large financing amount at the early stage of the Changsha Outlets Project, financial costs have increased year by year, and the tightening of the financing environment has made the Company more difficult to satisfy its working capital. Coupled with the local government's strong implementation of strict real estate policies, the purchasing power and profitability are greatly reduced. The Group is investigating various options for the Changsha Outlets Project, provided that any decision will be made in the best interests of the Shareholders as a whole. 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 certainly achieve transcendent transformation.

FINAL DIVIDEND

The Board did not recommend payment of a final dividend for the Year (2019: Nil).

CORPORATE GOVERNANCE PRACTICES

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

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

During the Year, the Company had deviated from code provision A.2.1 because the roles of Chairman of the Board and the Chief Executive Officer of the Company had been vested in the same person (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.

PREPARATION OF UNAUDITED ANNUAL RESULTS

The Board wishes to emphasize that the unaudited consolidated results of the Group for the Year set out herein is extracted directly from the latest unaudited management accounts of the Group for the Year and is subject to changes resulting from, among other things, (i) further review by the Company and relevant professional parties; (ii) the receipt of audit confirmations required to complete the audit procedures by the Company's auditor under the relevant audit standard; and (iii) any potential adjustments that might be necessary according to the work results of the Company's auditor.

The unaudited consolidated results of the Group for the Year is subject to change and has not been agreed by the auditor of the Company as required under Rule 13.49(2) of the Listing Rules.

The auditing process for the annual results for the Year has not been completed due to the outbreak of the COVID-19 epidemic. The time required for both audit confirmations to reach the Group's counterparties in the PRC and counterparties to provide responses took much longer time than usual. As of the date of this announcement, the Company's auditor is unable to collect sufficient audit confirmations. In addition, the conductions of certain audit procedures, including alternative procedures for confirmations were also affected.

In order to keep the shareholders of the Company and potential investors of the Company informed of the Group's business operation and financial position, the Board has set forth in this announcement the unaudited consolidated results of the Group for the Year as extracted from the latest unaudited management accounts of the Group for the Year. The Directors confirmed that the unaudited consolidated results of the Group for the Year were prepared on the same basis as used in the audited consolidated financial statements of the Group for the Corresponding Year. The Board cannot guarantee that the unaudited consolidated results of the Group for the Year truly reflects the financial performance and position of the Group and such information might be misleading if any potential adjustments have not been taken into account.

Based on the current situation and the latest discussion with the Company's auditor, the Company expects that an announcement and a report relating to the audited annual results of the Group for the Year will be made at the end of July 2020, although this may be subject to further developments.

However, the Board currently anticipates that the auditor's report to be released will include a disclaimer of opinion related to "Uncertainties Relating to Going Concern". The Board considers that it is appropriate to prepare the consolidated financial statements on a going concern basis, taking into account the facts and assumptions stated in the section "Basis of preparation of the financial statements" under Note 1 of this announcement.

DIRECTORS' SECURITIES TRANSACTIONS

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

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

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

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

AUDIT COMMITTEE REVIEW

The audit committee of the Company has reviewed and agreed with the management the Group's unaudited consolidated financial results for the Year.

The financial information contained herein in respect of the consolidated annual results of the Group have not been audited and have not been agreed with the auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 30 June 2020

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*