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 2020

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 2020 (the ''Reporting Period'') together with comparative unaudited figures for the six months ended 30 September 2019 (the ''Corresponding Period'') and selected explanatory notes as follows:

## UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 September 2020*

| | | **Six months ended 30 September** | |
|---|---|---|---|
| | | **2020** | 2019 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| | | **(Unaudited)** | (Unaudited) |
| Revenue | *4* | **15,544** | 158,474 |
| Cost of sales | | **(11,885)** | (132,974) |
| Gross profit | | **3,659** | 25,500 |
| (Loss) gain on revaluation of investment properties | | **(16,892)** | 46,411 |
| Other income and gain | *4* | **3,616** | 1,120 |
| Selling expenses | | **(6,698)** | (4,199) |
| Administrative expenses | | **(32,434)** | (42,286) |
| Share of result of associates | | **–** | (3,430) |
| Finance costs | *5* | **(47,140)** | (69,802) |
| Loss before tax | *6* | **(95,889)** | (46,686) |
| Income tax credit (expense) | *7* | **2,084** | (14,804) |
| **Loss for the period** | | **(93,805)** | (61,490) |

| | Notes | Six months ended 30 September **2020** **_HK$'000_** **(Unaudited)** | 2019 _HK$'000_ (Unaudited) |
|---|---|---|---|
| **Other comprehensive expenses** | | | |
| ***Items that may be reclassified to profit or loss in subsequent periods:*** | | | |
| Exchange differences on translation of foreign operations | | **(3,928)** | (16,696) |
| Share of other comprehensive expense of associates | | **–** | (1,894) |
| | | **(3,928)** | (18,590) |
| **Total comprehensive expenses for the period** | | **(97,733)** | (80,080) |
| | | **_HK$_** | _HK$_ |
| Loss per share | _8_ | | |
| Basic | | **(0.40) cents** | (0.26) cents |
| Diluted | | **(0.40) cents** | (0.26) cents |

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30 September 2020*

| | Notes | **30 September 2020 HK$'000 (Unaudited)** | 31 March 2020 HK$'000 (Audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **26,777** | 27,551 |
| Right-of-use assets | | **566,399** | 553,905 |
| Investment properties | | **1,365,375** | 1,323,909 |
| Interests in associates | | **24,863** | 18,414 |
| Financial assets designated at fair value through other comprehensive income ("FVTOCI") | | **2,724** | 2,724 |
| Goodwill | | **113,869** | 109,516 |
| | | **2,100,007** | 2,036,019 |
| **Current assets** | | | |
| Properties under development | | **2,696,857** | 2,294,377 |
| Completed properties held for sale | | **96,968** | 97,589 |
| Inventories | | **–** | – |
| Trade receivables | *10* | **4,718** | 8,989 |
| Prepayments, deposits and other receivables | | **250,951** | 209,990 |
| Cash and cash equivalents | | **43,785** | 27,107 |
| | | **3,093,279** | 2,638,052 |
| **Current liabilities** | | | |
| Trade payables | *11* | **1,214,902** | 1,064,654 |
| Other payables and accruals | | **767,155** | 661,541 |
| Contract liabilities | | **691,868** | 401,145 |
| Amounts due to related parties | | **440,786** | 413,968 |
| Interest-bearing bank and other borrowings | | **1,431,959** | 324,931 |
| Lease liabilities | | **2,236** | 2,140 |
| Provision | | **6,584** | 6,332 |
| Tax payable | | **119,099** | 116,227 |
| | | **4,674,589** | 2,990,938 |
| **Net current liabilities** | | **(1,581,310)** | (352,886) |
| **Total assets less current liabilities** | | **518,697** | 1,683,133 |

| | Notes | **30 September 2020** **HK$'000** **(Unaudited)** | 31 March 2020 *HK$'000* (Audited) |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Deferred income | | **63,454** | 61,029 |
| Amounts due to related parties | | **411,465** | 425,199 |
| Interest-bearing bank and other borrowings | | **–** | 1,052,854 |
| Lease liabilities | | **195** | 1,338 |
| Deferred tax liabilities | | **63,614** | 65,011 |
| | | **538,728** | 1,605,431 |
| **Net (liabilities) assets** | | **(20,031)** | 77,702 |
| **Equity** | | | |
| Share capital | *12* | **1,166,834** | 1,166,834 |
| Reserves | | **(1,186,865)** | (1,089,132) |
| **Total (deficit) equity** | | **(20,031)** | 77,702 |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2020*

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 September 2020 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 2020, the Group reported net loss of approximately HK$93,805,000. As at 30 September 2020, the Group had net current liabilities of approximately HK$1,581,310,000 and total borrowings, including interest-bearing bank and other borrowings and amounts due to related parties in aggregate of approximately HK$1,872,745,000 that 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$43,785,000.

During the Reporting Period, the Group breached the terms of certain bank and other borrowings to repay approximately RMB248,800,000 and to place RMB123,000,000 as pledged deposits. These constitute events of default. The Group had been actively in discussions with the lenders for the renewal or extension of the repayment terms.

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 2020 which have taken into account the followings:

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

(ii) the continuous financial support from related parties; and

(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 30 September 2021.

In additions, the Group is considering various options for additional financing to the Group, such as new investors and new partners.

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 2020. 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 2020 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 on 1 April 2020.

| | |
|---|---|
| Amendments to HKFRS 3 | Definition of a business |
| Amendments to HKAS 1 and HKAS 8 | Definition of material |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform |

The directors of the Company consider that, the application of the 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.

## 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.

For the six months ended 30 September 2020 and 2019, the Group had no transaction with external customer which individually contributed over 10% of the Group's total revenue.

## 4. REVENUE, OTHER INCOME AND GAIN

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

| | Six months ended 30 September | |
|---|---|---|
| | **2020** | 2019 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Type of good and service under HKFRS 15 | | |
| – Sales of properties | **4,855** | 132,722 |
| – Management fee income | **4,317** | 10,570 |
| Total revenue from contracts with customers | **9,172** | 143,292 |
| Revenue from other source | | |
| – Rental income | **6,372** | 15,182 |
| | **15,544** | 158,474 |

| | Six months ended 30 September | |
|---|---|---|
| | **2020** | 2019 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Timing of revenue recognition | | |
| – At a point in time | **4,855** | 132,722 |
| – Over time | **4,317** | 10,570 |
| | **9,172** | 143,292 |

| | Six months ended 30 September | |
|---|---|---|
| | **2020** | 2019 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Other income and gain | | |
| – Bank interest income | **51** | 67 |
| – Net exchange gain | **–** | 7 |
| Gain on disposal of property, plant and equipment | **–** | 147 |
| Others | **3,565** | 899 |
| | **3,616** | 1,120 |

## 5. FINANCE COSTS

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

| | Six months ended 30 September | |
|---|---|---|
| | **2020** | 2019 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Interest on bank and other borrowings | **100,325** | 110,241 |
| Interest expense on lease liabilities | **134** | 182 |
| Interest on notes payable | **–** | 13,186 |
| | **100,459** | 123,609 |
| *Less:* Amount capitalised in the cost of qualifying assets | **(53,319)** | (53,807) |
| | **47,140** | 69,802 |

The capitalisation rates used to determine the amount of borrowing costs eligible for capitalisation for the six months ended 30 September 2020 and 2019 were 9.46% and 7.98%, respectively.

## 6. LOSS BEFORE TAX

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

| | | Six months ended 30 September | |
|---|---|---|---|
| | | **2020** | 2019 |
| | | ***HK$'000*** | *HK$'000* |
| | | **(Unaudited)** | (Unaudited) |
| (a) | Staff costs: | | |
| | Salaries, wages and other benefits | **13,009** | 12,289 |
| | Contributions to defined contribution retirement plans | **985** | 804 |
| | | **13,994** | 13,093 |
| (b) | Other items: | | |
| | Cost of inventories recognised as expenses | **4,414** | 128,719 |
| | Depreciation of property, plant and equipment | **2,304** | 1,649 |
| | Depreciation of right-of-use assets | **9,229** | 9,731 |
| | Direct operating expenses incurred for investment properties that generated rental income during the period | **1,530** | 2,376 |

## 7. INCOME TAX CREDIT (EXPENSE)

No provision for PRC Enterprise Income Tax and Hong Kong profits tax has been made for the six months ended 30 September 2020 as the Group did not generate any assessable profits arising in PRC and Hong Kong respectively during the period (six months ended 30 September 2019: Nil).

| | Six months ended 30 September | |
|---|---|---|
| | **2020** | 2019 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Deferred tax | **2,084** | (14,804) |

## 8. 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** | |
|---|---|---|
| | **2020** | 2019 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Loss attributable to equity holders of the Company, used in the basic loss per share calculation | **(93,805)** | (61,490) |
| Weighted average number of ordinary shares in issue during the period, used in the basic loss per share calculation | **23,336,687,255** | 23,336,687,255 |

### (b) Diluted loss per share

For the six months ended 30 September 2020 and 2019, diluted loss per share is same as basic loss per share as the Company has no potential ordinary shares outstanding during the period.

## 9. INTERIM DIVIDEND

No payment of interim dividend was recommended for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

## 10. TRADE RECEIVABLES

| | **30 September 2020** *HK$'000* **(Unaudited)** | 31 March 2020 *HK$'000* (Audited) |
|---|---|---|
| Rental receivables | **873** | 4,509 |
| Rental recognised using the straight-line method | **3,845** | 4,480 |
| | **4,718** | 8,989 |

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 2020** *HK$'000* **(Unaudited)** | 31 March 2020 *HK$'000* (Audited) |
|---|---|---|
| Within one year | **873** | 4,509 |
| More than one year | **–** | – |
| | **873** | 4,509 |

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

## 11. 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 2020** | 31 March 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Within one year | **1,057,597** | 935,264 |
| One to two years | **35,549** | 18,695 |
| Over two years | **121,756** | 110,695 |
| | **1,214,902** | 1,064,654 |

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

## 12. SHARE CAPITAL

| | **30 September 2020** | | 31 March 2020 | |
|---|---|---|---|---|
| | **No. of shares** | **Amount** | No. of shares | Amount |
| | | ***HK$'000*** | | *HK$'000* |
| *Authorised:* | | | | |
| Ordinary shares of HK$0.05 each | | | | |
| At 30 September 2020 (unaudited)/ 31 March 2020 (audited) | **40,000,000,000** | **2,000,000** | 40,000,000,000 | 2,000,000 |
| *Issued and fully paid:* | | | | |
| Ordinary shares of HK$0.05 each | | | | |
| At 30 September 2020 (unaudited)/ 31 March 2020 (audited) | **23,336,687,255** | **1,166,834** | 23,336,687,255 | 1,166,834 |

## 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 2020 (the "Reporting Period"), together with the unaudited comparative figures for the six-month period ended 30 September 2019 (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.

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.

## FINANCIAL REVIEW

During the Reporting Period, the Group recorded a total revenue of approximately HK$15,544,000 as compared to approximately HK$158,474,000 for the Corresponding Period, representing a decrease of 90.2%. The decrease in revenue was mainly attributable to the impact of the novel coronavirus disease (COVID-19) pandemic, constructions were destructed for a few months. The Group recognises revenue when construction of properties is completed and the title of properties have been transferred to customers. Management fee income was approximately HK$4,317,000 for the Reporting Period as compared to approximately HK$10,570,000 for the Corresponding Period, representing a decrease of 59.2%.

The Group recorded a loss on revaluation of investment properties of approximately HK$16,892,000 for the Reporting Period as compared to a gain of approximately HK$46,411,000 for the Corresponding Period. The loss attributable to equity holders amounted to approximately HK$93,805,000 as compared to approximately HK$61,490,000 for the Corresponding Period, representing an increase of 52.6%. The loss per share for the Reporting Period was HK0.40 cents as compared to HK0.26 cents for the Corresponding Period.

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$263,779,000) (the "Other Loan 1") as at 30 September 2020 and is due to repay on 31 December 2021. 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$343,448,000) (the "Other Loan 2") as at 30 September 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. Subsequent to the Reporting Period, the Group signed a supplemental agreement, in which the due date of Other Loan 2 has been extended to 31 March 2021.

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$1,070,517,000) 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 30 September 2020. 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$283,134,000) (the "First Installment") together with unpaid default interest of approximately RMB14,700,000 (equivalent to approximately HK$16,729,000) 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, 金盛置業投資集團有限公司in relation to an unsecured loan facility in the total principal amount of RMB1,000,000,000 (equivalent to approximately HK$1,138,000,000) (the "Other Loan 4") at an interest rate of 5% per annum and is due to repay in December 2021. As at 30 September 2020, approximately RMB62,255,000 (equivalent to approximately HK$70,846,000) 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$307,260,000) (the "Other Loan 5") as at 30 September 2020. The interest rate was 11.5% per annum and secured by the pledge of certain of the Group's assets and is due to repay in June 2022. The Group is required to deposit RMB123,000,000 (equivalent to approximately HK$139,974,000) 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.

Regarding Other Loan 3, the Group failed to repay the First Installment and unpaid default interest on or before 30 June 2020. Regarding 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 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$1,070,517,000) and RMB270,000,000 (equivalent to approximately HK$307,260,000) respectively together with any unpaid interest. The Directors have commenced negotiations of the repayment terms of the loans with the relevant providers of finance since then. Up to the date of this announcement, those negotiations are still in progress and have not been concluded.

## 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 project construction on Section C, which covers a site area of approximately 204 mu, planned to be developed into 37 11-storey buildings and a kindergarten. Currently, pre-sale permits have been obtained for 15 buildings. For the first batch of ten buildings, the construction of main structures has been completed; basement fire control works, indoor fire control and water supply works have been basically completed; construction of stairwell steps has been completed and decoration of external walls has been basically completed except for lacquer finish works; the installation of aluminum alloy window frames, aluminum alloy frames for balcony slide doors, supports for roof-top solar panels, and balcony balustrades has been completed. For the second batch of ten buildings, the capping of main structures has been completed, plastering of interior and external walls has been completed, decoration works of external walls have been completed except for lacquer finish works, and installation of aluminum alloy window frames and balcony balustrades has been completed.

Outlets Town is equipped with the renowned nine-year school, Wangcheng Nanya School (望城南雅學校). During the Reporting Period, after months of hard work by various parties, the school buildings of the secondary school section were finally put into use on 30 August 2020, currently accommodating approximately 1,200 teachers and students at the school. In terms of project construction, the Group has completed the interior and exterior decoration works for two teaching buildings and one complex building for the primary school section during the Reporting Period, and is carrying out fine decoration for these buildings. The basement, canteen, and temporary residential building are all undergoing construction of decoration works. For the gymnasium, the main structure has been completed, pending installation of the grid-structure roof; the gymnasium stand is undergoing construction of the main structure; the decoration of the southern and northern gates, the main structure and decoration of the three walls have been completed; the southern road has been completed and put into use; concrete pouring has been completed for the northern road, pending construction of bituminous pavement. Landscaping and greening works have been completed and put into use for the secondary school section. For the remaining sections, the pipe network of landscaping and greening has been completed as to 30%. In the next stage, the Group will focus on delivering the canteen as soon as possible to ensure the proper supply of meals for the school.

*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 more than 200 domestically and internationally renowned fashion retail brands settling therein, a large separate indoor trampoline centre with an area of over 5,000 sq.m., an IMAX cinema complex, an art education and training institution with an area of over 5,000 sq.m., HappyNest (a supermarket for imported household products) with an area of over 3,000 sq.m., a cartoon amusement park for children with an area of over 2,000 sq.m., a high-end chain kindergarten with an area of over 3,000 sq.m., an indoor constant temperature swimming pool and children's water park, brand specialty catering, and Internet-famous stores popular among young people. It has become a locally well-known large commercial centre integrating shopping, recreation, entertainment and education.

Since its official opening in 2014, Globe Outlets has attracted loyal patrons with its unique low-density block-type shopping ambiance, quality goods at massive discounts, and a product structure that is constantly adjusted to meet customers' demands. Within a radius of several kilometres, there are numerous residential properties and large enterprises, yet Globe Outlets is the only large commercial complex to be found, which gives it a definite edge. With the successive delivery and occupancy of these properties, Globe Outlets will cover an increasingly expanding potential customer base going forward and offer more diversified products and services for various customer groups to attract customer traffic, promote consumption, and contribute continuous cash flows to the Group.

***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 centre, along with supporting parking lots and greenery landscape. The Group has successively obtained the construction work planning and commencement permits for Phase 1 and the exhibition centre, as well as the pre-sale permits for the first 59 resort units. During the Reporting Period, the Group focused on the development of Phase 1 of the project.

During the Reporting Period, the Group focused on project construction of the exhibition centre's canteen on basement Level 1, and has so far completed the ceiling, floor tiles, and wall tiles for the compartments, VIP corridors, kitchen, dining hall and washrooms; the road-side grass planting works, greening and backfilling, and peripheral turf laying have been completed for the northern parking lot. The main hall of the exhibition centre has been put into use for the pre-sale of the resort units under 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. During the Reporting Period, the Group mainly carried out works including anti-crack mortar, moulding, EPS component installation, and roof-top tiling for the buildings. The entrance and exit and front view of the project have been initially built and the trench for the waterscape at the main entrance has been excavated up to 70%; the main structure of the clock tower has been completed. During the Reporting Period, the Group has completed the external wall lacquer, external wall panel, external wall moulding works and the site formation works for the pond, and will proceed with lighting works in the next stage. 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 first half of 2021.

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 the first half of 2021, which is planned to be developed into multiple four-storey and six-storey bungalows and supporting community facilities.

In April 2020, a sales kick-off conference was held at the Venice-City of Water Project, with a turnout of over 300 sales elites of the city who visited and studied the project in detail. The conference played a critical role in promoting the brand of the Venice-City of Water Project, raising publicity of the project.

*Yinchuan Project*

The Company held the property named JeShing European City (金盛歐洲城) through Ningxia Jinguan Property Investment Co. Ltd.* (寧夏金冠投資置業有限公司) ("Ningxia Jinguan"), a wholly-owned subsidiary of the Company. JeShing European City comprises five parcels of land with a total site area of approximately 133,300 sq.m. and a residential and commercial complex constructed thereon ("Yinchuan Project").

*Yinchuan residential project – Jin Sheng Yue Jing (金盛閱景)*

The residential portion of Yinchuan Project, under the promotion name of Jin Sheng Yue Jing (金盛閱景), 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 approximately 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.

Phase 1 of Jin Sheng Yue Jing has been completed and delivered. Construction of the main structure has been completed for Phase 2. During the Reporting Period, the Group focused on development of Phase 3, which has a planned gross floor area of approximately 140,000 sq.m., comprising 14 11/18-storey exquisite high-rise buildings. In terms of project construction, the Group has completed capping inspection and acceptance for the main structure of 14 buildings under Phase 3 in August 2020, and is carrying out masonry, external wall plastering, external wall insulation, indoor water and electricity pipeline grooving, and window frame installation works. In addition, more than half of terrace works and ceiling putty have been completed for the underground garage.

The Group successfully obtained the pre-sale permits for 7 buildings under Phase 3 in July 2020, obtaining the pre-sale permits for all 14 buildings under this phase by then and ensuring compliance in the rolling sale of the Jin Sheng Yue Jing (金盛閱景) project. Due to its high cost performance and complete education, medical and other living facilities, sales performance of Phase 3 of Jin Sheng Yue Jing has been maintaining a leading position in the industry. As at the date of this announcement, over half of the units have been sold, making substantial contributions to the sales proceeds of the Group.

*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, 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, redefining the traditional image of a shopping mall for building materials and household products by being more inclusive. During the Reporting Period, with its well-established brand influence in the field of household products and building materials, the Group completed business solicitation for the second, third and fourth floors of the original Taiping Mall in the third quarter, and with JeShing European City's prime geographical location at northern Yinchuan City, it successfully attracted 30 household products and building materials players originally operating in Yinchuan International Trade Market（銀川國際商貿城）, giving a further boost to the shopping mall in terms of scale.

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 Stroll, Shop, Save ("能浪會槓更會省"), Star-studded Jinsheng Grand Opening ("金盛大牌開業"), Summer Sale ("夏不為利"), Jinsheng's Bargain Price Offerings ("全城比價、金盛更低") and Grand Banquet ("豪門夜宴"), with events in each month and promotions in each day. To this end, the Group spent more than RMB3 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 for a single event, achieving excellent results of a hundred sales orders in a single event and becoming a sensation among peers.

Meanwhile, as a large enterprise with a strong sense of social responsibility, the Group visited solitary elderly in Languang Village, Helan County in May, and brought them rice, flour, oil and other daily necessities, actively promoting our positive enterprise culture. All families are rooted in the country, and each family is rooted in the masses, forming the foundation for enterprises to better sustain and develop. The Company arranged party members to visit a military base on the party anniversary on 1 July to learn about national development history, and arranged employees to record videos on the national day on 1 October to celebrate the anniversary of our great motherland.

***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, external wall insulation coating, lift installation and commission, 70% of indoor fine decoration, 40% of wear-resistant floor in basements, outdoor landscaping, greening and roads, enclosure for the landscaped area and lighting had been completed for Phase 1 of Jinsheng Premium project during the Reporting Period.

## 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.

## 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 30 September 2020, the Group had cash and bank balances of approximately HK$43,785,000 (31 March 2020: approximately HK$27,107,000). The Group's current ratio (measured as total current assets to total current liabilities) was 0.66 times (31 March 2020: 0.88 times). The current ratio as of 30 September 2020 decreased as compared to 31 March 2020 as the total principal outstanding loan amount of Other Loan 3 and Other Loan 5 has been classified as current liabilities. As at 30 September 2020, the secured and unsecured interest-bearing bank and other borrowings of the Group amounted approximately HK$1,377,776,000 (31 March 2020: approximately HK$1,325,111,000) and approximately HK$54,182,000 (31 March 2020: approximately HK$52,674,000), respectively.

## PLEDGE OF ASSETS

As at 30 September 2020, property interest held by the Group with net carrying amount of approximately HK$2,034,721,000 (31 March 2020: approximately HK$2,061,241,000) were pledged to banks and a financial institution 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 2020, the Group had capital commitments contracted, but not provided for of approximately HK$484,103,000 (31 March 2020: approximately HK$472,697,000).

## SUBSEQUENT EVENTS

Subsequent to the Reporting Period, the Group signed a supplemental agreement regarding Other Loan 2 with related parties, JeShing Real Estate Group Company Limited*（金盛置業投資集團有限公司）, 南京第一建築工程集團有限公司 and 江蘇裝飾材料有限公司, in which the due date of Other Loan 2 has been extended to 31 March 2021.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2020, the Group employed a total of 248 employees (excluding Directors), as compared with 247 employees (excluding Directors) as at 31 March 2020. 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).

## INTERIM DIVIDEND

The Board did not recommend any interim dividend for the Reporting Period (30 September 2019: Nil).

## PROSPECT AND OUTLOOK

The COVID-19 epidemic that broke out early in the year continued to spread across the globe, ruthlessly and "single-handedly" crippling numerous economies around the world, and subjecting the human race to an unprecedented public health crisis. With disease prevention measures such as lockdown of premises, work suspension, and home isolation in place, the entire world was once mired in a "great lockdown" that gave rise to a host of problems such as economic stagnancy, political upheaval, social division, and regional segmentation.

To date, in contrast with the increase of COVID-19 cases by tens of thousands per day in western countries, China's disease prevention and control initiatives have yielded significant strategic results, effectively facilitating the resumption of order to work and life. The national economy maintained a steady recovery momentum. Statistics showed that notwithstanding a year-on-year decline of 6.8% in GDP in the first quarter, the growth rate turned positive in the second quarter with a year-on-year growth of 3.2%, which further jumped to 4.9% in the third quarter. Major economic indicators were on an upward trajectory, and China is expected to be the only major economy in the world to achieve a positive growth this year.

The Group has focused on the real estate market, strategically rolling out diverse product mixes such as "residential + commercial", "residential + senior care", and "residential + cultural tourism", which boast unique features to forestall declined competitiveness due to homogeneity of products. With respect to domestic industrial policies, despite a 6.1% decline in the gross products of the real estate industry in the first quarter of 2020 due to the impact of the epidemic, the policy focus was mainly on the supply side rather than stimulating demands to drive economic growth. The main principle of "housing is for people to live in, not for speculation" remained adamant, and the general objective of the regulatory policies of the central government remained unchanged, which is to ensure the stable and healthy development of the real estate market.

As a double-edged sword, the epidemic has exposed the Group's weakness in adaptability and resilience in extreme conditions. How to "survive" or even "transcend" before the next "epidemic" hits is an issue that enterprises must ponder on beyond their daily operations. It warrants an imperative long-term reform that will be reflected on various aspects such as product strategy, marketing approach, development model, and financial alerts.

As such, the Group will constantly monitor the latest developments and policies in the market and adjust product strategies in a timely manner to the greatest extent. It will innovate product design with particular focus on enhancing the intelligent delivery system of products to ensure that its products are equipped with comprehensive functions to meet the needs at all levels. Meanwhile, the Group will leverage current popular marketing channels such as live streaming platforms, videos and VR, which boast faster dissemination, wider scope, and more innovative forms, to promote its products, bolster its brand reputation and alleviate the concentration of risks arising from on-site flat viewing and off-line malls.

In addition, the Group will further enhance corporate financial alerts by deploying professional analytical means to conduct analysis and prediction on corporate operating activities and financial activities, so as to identify the Group's exposure to operating and financial risks in its operating and management activities, and to issue alerts before a crisis occurs and urge the management to take effective measures to mitigate relevant risks. Meanwhile, the Group will cease to "stick to conventions" and forsake the traditional mindset of "going at it alone" by enhancing cooperation with financing institutions, governments and other real estate developers to jointly invigorate its various projects.

As described in the Company's annual report for the year ended 31 March 2020, due to the large financing amount at the early stage of the Changsha Outlets Project, financial costs have accumulated over time, and the tightening of the financing environment has made it more difficult for the Company to satisfy its working capital. Coupled with the local government's strong implementation of strict real estate policies, purchasing power and profitability are greatly reduced. Accordingly, in consideration of the above financial alerts, the Group is still persistently and proactively engaging with interested and powerful partners to jointly investigate various options for the Changsha Outlets Project, provided that any decision will be made in the best interests of the shareholders as a whole.

## 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 officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

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 person, 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).

## DIRECTORS’ 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 2020.

## 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 2020/2021 Interim Report will also be available on both websites and despatched to the Shareholders in due course.

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

Hong Kong, 30 November 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*