THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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)

(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF SUBSIDIARIES AND (2) NOTICE OF SPECIAL GENERAL MEETING

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A notice convening the SGM of the Company to be held at 11:00 a.m. (Hong Kong time) on Friday, 1 April 2022 at Unit 1504, 15/F, Tower 2, Metroplaza, No. 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong is set out on pages SGM-1 to SGM-4 of this circular.

You are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event no later than 11:00 a.m. (Hong Kong time) on Wednesday, 30 March 2022, or not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.

PRECAUTIONARY MEASURES FOR THE SGM

In light of the continuing risks posed by the COVID-19 pandemic, the Company is adopting special arrangements in respect of the SGM (details on page i). The Company strongly encourages Shareholders to exercise their rights to attend the SGM by appointing the chairman of the SGM as their proxy to vote according to their indicated voting instructions and viewing a live streaming webcast of the SGM. In particular, Shareholders (other than those who are required to attend the SGM physically to form a quorate meeting) will **NOT** be able to attend in person, but may view and listen to the SGM and submit questions online. To vote at the SGM, you should complete and return the proxy form, appointing the chairman of the SGM as your proxy, to the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 11:00 a.m. (Hong Kong time) on Wednesday, 30 March 2022 or not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Such proxy form can also be downloaded from www.richlyfieldchinagroup.com or www.hkexnews.hk. No gifts will be distributed and no refreshments will be served at the SGM.

17 March 2022

The Company does not in any way wish to diminish the opportunity available to Shareholders to exercise their rights and to vote, but is conscious of the need to protect SGM attendees from possible exposure to the COVID-19 pandemic. **For the health and safety of SGM attendees, the Company would be adopting the special arrangements for the SGM to minimise attendance in person, while still enabling Shareholders to vote and ask questions. Details of the special arrangements for the SGM are set out below.**

ATTENDING THE SGM BY MEANS OF ELECTRONIC FACILITIES

The SGM will be held with the minimum number of persons present as is required under the bye-laws of the Company to form a quorate meeting, together with a limited number of other attendees to ensure the proper conduct of the meeting. The quorum will be formed by the senior management members and/or senior staff members of the Company who are Shareholders and/or their proxies to maintain an internal grouping and minimise the continuing risks posed by the COVID-19 pandemic at the SGM.

Given the above reasons, **NO other Shareholder, proxy or corporate representative should attend the SGM in person.** Other than those in the quorum and the limited number of other attendees to ensure the proper conduct of the meeting, any other person who attempts to do so will be excluded and will **NOT** be permitted entry to the venue of the SGM.

The Company strongly encourages Shareholders to view and listen to the SGM through online access by visiting the designated URL link (the "**Tricor e-Meeting System**") by using the unique login details which will be despatched to the Shareholders by post on or around Friday, 25 March 2022. Shareholders participating in the SGM using the Tricor e-Meeting System will be able to submit questions through the Tricor e-Meeting System.

The Tricor e-Meeting System will be open for Shareholders to log in approximately 30 minutes prior to the commencement of the SGM and can be accessed from any location with internet connection by a smart phone, tablet device or computer.

Vote by appointing the chairman of the SGM as your proxy

As Shareholders cannot attend the SGM in person, they will only be able to vote by submitting a proxy form in advance of the SGM. If Shareholders wish to vote on any resolution at the SGM, they must appoint the chairman of the SGM as their proxy to vote on their behalf by completing and returning the proxy form in accordance with the instruction printed thereon to the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event no later than 11:00 a.m. (Hong Kong time) on Wednesday, 30 March 2022, or not less than 48 hours before the time for holding the SGM. If a person who is not the chairman of the SGM is appointed as proxy, that person will **NOT** be permitted entry to the SGM and will not be able to exercise the vote. In any event, Shareholders will not be deprived of their rights of voting on the resolution(s) to be proposed at the SGM.

Submission of proxy forms for registered Shareholders

A proxy form for use at the SGM is enclosed with this circular. A copy of the proxy form can also be downloaded from the websites of the Company at www.richlyfieldchinagroup.com and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

For the health and safety of SGM attendees, Shareholders, proxies or corporate representatives (other than those who are required to attend the SGM physically to form a quorate meeting) will **NOT** be able to attend in person but may view and listen to the SGM and submit questions online. Registered Shareholders are requested to provide a valid email address to receive the login and access code to view a live streaming webcast of the SGM and submit online questions to us on the Tricor e-Meeting System. To vote at the SGM, you should complete and return the proxy form, appointing the chairman of the SGM as your proxy or alternative proxy.

Appointment of proxy for non-registered Shareholders

Non-registered Shareholders should contact their intermediary or stock brokers as soon as possible for assistance in the appointment of proxy.

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change or adopt contingency plans for the SGM arrangements at short notice, and the Company will ensure that the SGM arrangements are in compliance with the bye-laws of the Company. While the Company will use its best endeavours to provide necessary updates to the Shareholders on its website at www.richlyfieldchinagroup.com regarding the SGM arrangements, Shareholders should check the latest policies and notices announced by the Hong Kong Government, the website of the Company at www.richlyfieldchinagroup.com and the website of the Stock Exchange at www.hkexnews.hk for future updates on the SGM arrangements.

If Shareholders have any questions relating to the SGM, please contact Tricor Secretaries Limited, the Hong Kong branch share registrar of the Company, as follows:

Tricor Secretaries Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong
Telephone: 2980 1333
Facsimile: 2810 8185

CONTENT

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

"Announcement"	the announcement of the Company dated 9 February 2022 in relation to the Disposals
"Board"	the board of directors of the Company
"Changchun Project"	an integrated project combining a theme park and a cultural tourism town located at Shuangyang District, Changchun, Jilin Province, the PRC
"Changsha Outlets Project"	a comprehensive project comprising the Globe Outlets (commercial) and Outlets Town (residential) developed by the Group in Changsha, Hunan Province, the PRC
"Company"	Richly Field China Development Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 313)
"Completion"	completion of the Disposal 1, Disposal 2 and Disposal 3
"Completion 1"	completion of the Disposal 1
"Completion 2"	completion of the Disposal 2
"Completion 3"	completion of the Disposal 3
"Completion Date 1"	the date of Completion 1
"Completion Date 2"	the date of Completion 2
"Completion Date 3"	the date of Completion 3
"Default Loans"	the two loans of owed by the Target Group to two Independent Third Party financial institutions with outstanding principal amount of approximately RMB940.7 million and RMB270 million respectively as at 30 September 2021
"Director(s)"	director(s) of the Company
"Disposals"	Disposal 1, Disposal 2 and Disposal 3

"Disposal 1"	the disposal of the Sale Shares 1 pursuant to the Equity Transfer Agreement 1
"Disposal 2"	the disposal of the Sale Shares 2 pursuant to the Equity Transfer Agreement 2
"Disposal 3"	the disposal of the Sale Shares 3 pursuant to the Equity Transfer Agreement 3
"Equity Transfer Agreements"	the Equity Transfer Agreement 1, the Equity Transfer Agreement 2 and the Equity Transfer Agreement 3
"Equity Transfer Agreement 1"	the equity transfer agreement entered into between the Sellers, Target Company 1 and the Purchaser dated 9 February 2022 in relation to the Disposal 1
"Equity Transfer Agreement 2"	the equity transfer agreement entered into between Seller 1, Target Company 2 and the Purchaser dated 9 February 2022 in relation to the Disposal 2
"Equity Transfer Agreement 3"	the equity transfer agreement entered into between Seller 1, Target Company 3 and the Purchaser dated 9 February 2022 in relation to the Disposal 3
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Huailai Project"	a wine estate development project located at Sangyuan Town, Huailai County, Zhangjiakou, Hebei Province, the PRC
"Independent Third Party(ies)"	third party(ies) and their ultimate beneficial owner(s) (if applicable) which are independent of the Company and its connected persons
"Latest Practicable Date"	11 March 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Outstanding Intercompany Balances"	the intercompany receivables and payables between the Target Group and the Remaining Group
"PRC"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"Purchaser"	樂沃居控股集團有限公司 (Lewoju Holding Group Company Limited*), a private company incorporated in the PRC
"Qinhuangdao Project"	a coastal shopping, tourism and healthcare resort complex with outlets business, integrated with high-end hot spring resort hotels, highend hospitals, health preservation and elderly care, cultural and entertainment activities, and recreational resorts developed by the Group in Qinghuangdao, the PRC
"Remaining Group"	the Group upon completion of the Disposals
"Remaining Group Pledged Assets"	certain assets of the Remaining Group under pledge for the loans of the Target Group
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	Sale Shares 1, Sale Shares 2 and Sale Shares 3
"Sale Shares 1"	the entire equity interests of Target Company 1
"Sale Share 2"	the entire equity interests of Target Company 2
"Sale Share 3"	the entire equity interests of Target Company 3
"Seller 1"	裕田幸福城(北京)投資顧問有限公司 (Richly Field (Beijing) Investment Consulting Co., Ltd*), a company incorporated in the PRC and a direct wholly-owned subsidiary of the Company

"Seller 2"	奧特萊斯世界名牌折扣城控股有限公司 (Globe Outlets City Holdings Limited), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
"Sellers"	Seller 1 and Seller 2
"SGM"	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, passing the necessary resolution(s) to approve, among other matters, the Disposals
"Shareholder(s)"	shareholder(s) of the Company
"Shares"	ordinary share(s) of HK$0.05 each in the share capital of the Company
"sq.m."	square meter(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Companies"	Target Company 1, Target Company 2 and Target Company 3
"Target Company 1"	湖南裕田奧特萊斯置業有限公司 (Hunan Richly Field Outlets Real Estate Limited*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Target Company 2"	長沙裕田奧特萊斯企業管理有限公司 (Changsha Yutian Outlets Business Administration Co Ltd*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Target Company 3"	長沙裕田奧萊物業管理有限公司 (Changsha Yutian Outlets Property Management Co Ltd*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Target Group"	the group of the Target Companies on a combined basis
"Yinchuan Project"	a residential and commercial property project developed by the Group in Yinchuan City, Ningxia Hui Autonomous Region, the PRC

"%"	per cent

In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

For the purpose of this circular and for illustration purpose only, amounts denominated in RMB in this circular have been translated into HK$ at the rate of RMB1.00 = HK$1.20. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.

* *For identification purposes only*

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)

Executive Directors:
Mr. Li Yi Feng *(Chairman and Chief Executive Officer)*
Mr. Chen Wei *(Vice President)*

Independent non-executive Directors:
Ms. Hsu Wai Man Helen
Mr. Wong Chi Hong William
Mr. Xu Jinghong

Registered Office:
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Principal place of business:
Suite 1504, 15/F,
Tower 2, Metroplaza,
No. 223 Hing Fong Road,
Kwai Chung, New Territories,
Hong Kong

17 March 2022

To the Shareholders

Dear Sir/Madam,

**(1) VERY SUBSTANTIAL DISPOSAL
IN RELATION TO THE DISPOSAL OF SUBSIDIARIES
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

Reference is made to the Announcement in relation to the Equity Transfer Agreements and the transactions contemplated thereunder.

On 9 February 2022 (after trading hours), the Sellers and Target Company 1 entered into the Equity Transfer Agreement 1 with the Purchaser, pursuant to which the Purchaser has conditionally agreed to acquire, and the Sellers have conditionally agreed to sell, the Sale Shares 1 at the consideration of RMB1.

On 9 February 2022 (after trading hours), Seller 1 and Target Company 2 entered into the Equity Transfer Agreement 2 with the Purchaser, pursuant to which the Purchaser has conditionally agreed to acquire, and Seller 1 has conditionally agreed to sell, the Sale Shares 2 at the consideration of RMB1.

On 9 February 2022 (after trading hours), Seller 1 and Target Company 3 entered into the Equity Transfer Agreement 3 with the Purchaser, pursuant to which the Purchaser has conditionally agreed to acquire, and Seller 1 has conditionally agreed to sell, the Sale Shares 3 at the consideration of RMB1.

The purpose of this circular is to provide you with, among others, (a) further details of the Disposals; (b) other information as required by the Listing Rules; and (c) the notice of SGM.

2. EQUITY TRANSFER AGREEMENTS

The principal terms of the Equity Transfer Agreements are summarized as follows:

Date 9 February 2022 (after trading hours)

Parties

(i) Equity Transfer Agreement 1

Seller 1:	裕田幸福城(北京)投資顧問有限公司 (Richly Field (Beijing) Investment Consulting Co., Ltd*)
Seller 2:	Globe Outlets City Holdings Limited
Purchaser:	樂沃居控股集團有限公司 (Lewoju Holding Group Company Limited*)
Target Company 1:	湖南裕田奧特萊斯置業有限公司 (Hunan Richly Field Outlets Real Estate Limited*)

(ii) Equity Transfer Agreement 2

Seller 1:	裕田幸福城(北京)投資顧問有限公司 (Richly Field (Beijing) Investment Consulting Co., Ltd*)
Purchaser:	樂沃居控股集團有限公司 (Lewoju Holding Group Company Limited*)
Target Company 2:	長沙裕田奧特萊斯企業管理有限公司 (Changsha Yutian Outlets Business Administration Co Ltd*)

(iii) Equity Transfer Agreement 3

Seller 1:	裕田幸福城(北京)投資顧問有限公司 (Richly Field (Beijing) Investment Consulting Co., Ltd*)
Purchaser:	樂沃居控股集團有限公司 (Lewoju Holding Group Company Limited*)
Target Company 3:	長沙裕田奧萊物業管理有限公司 (Changsha Yutian Outlets Property Management Co Ltd*)

To the best of the Director's knowledge, information and belief and after having made all reasonable enquiries, (i) the Purchaser and its ultimate beneficial owners are Independent Third Parties; and (ii) there was no previous transaction or business relationship among the Company, the Purchaser and/or their respective associates in the previous 12 months which would result in aggregation under Rule 14.22 of the Listing Rules.

Subject mater

Pursuant to the Equity Transfer Agreement 1, the Sellers have conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire the Sale Shares 1.

Pursuant to the Equity Transfer Agreement 2, the Seller 1 has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire the Sale Shares 2.

Pursuant to the Equity Transfer Agreement 3, the Seller 1 has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire the Sale Shares 3.

Consideration

Pursuant to the Equity Transfer Agreement 1, the Purchaser shall pay the Sellers the consideration of RMB1, and shall assume all the liabilities of the Target Company 1 as at the Completion Date 1.

Pursuant to the Equity Transfer Agreement 2, the Purchaser shall pay the Seller 1 the consideration of RMB1, and shall assume all the liabilities of the Target Company 2 as at the Completion Date 2.

Pursuant to the Equity Transfer Agreement 3, the Purchaser shall pay the Seller 1 the consideration of RMB1, and shall assume all the liabilities of the Target Company 3 as at the Completion Date 3.

Basis of consideration

The consideration under the Equity Transfer Agreements was determined based on arm's length negotiations between the Sellers and the Purchaser with reference to various factors, including but not limited to (i) the factors as stated in the section headed "REASONS FOR AND BENEFITS OF THE DISPOSALS" below, including, among other things, the net losses incurred by the Target Group for the two years ended 31 March 2021 and for the six months ended 30 September 2021, and the net liabilities position of the Target Group on a combined basis; and (ii) the reassessed net liabilities of the Target Group of approximately HK$623.08 million as at 30 September 2021 (which was determined with reference to (a) the unaudited net liabilities of the Target Group of approximately HK$1,155.95 million as at 30 September 2021 based on the unaudited combined financial information of the Target Group (subsequent to the publication of the Announcement, the unaudited combined financial information of the Target Group for the six months ended 30 September 2021 was adjusted after the review by the auditors of the Company, with mainly adjustments to valuations of investment properties and properties under development), (b) the unaudited carrying value of the properties held by the Target Company 1 (as the Target Company 2 and the Target Company 3 did not own any property interests as at 30 September 2021) of approximately HK$2.67 billion as at 30 September 2021 (subsequent to the publication of the Announcement, the unaudited carrying value of properties held by Target Company 1 as at 30 September 2021 was adjusted after the review by the auditors of the Company, with mainly adjustments to valuations of investment properties and properties under development), and (c) the preliminary valuation of the properties held by the Target Company 1 of approximately RMB2.67 billion (equivalent to approximately HK$3.21 billion) as at 30 September 2021 appraised by Avista Valuation Advisory Limited, an independent valuer (the "**Independent Valuer**"); and before taking into account the potential tax liabilities).

Subsequent to 30 September 2021, being the valuation date of the aforesaid preliminary valuation, and up to the Latest Practicable Date, there had been no material changes in the business operation of the Target Group, and the Target Group had not conducted any significant acquisition or disposal of assets other than in the ordinary course of businesses of the Target Group. The Company has also engaged the Independent Valuer to perform an independent valuation of the properties held by the Target Company 1 as at 31 January 2022, and the valuation report is set out in Appendix V to this circular.

The valuation

Details of the valuation of the properties held by Target Company 1 are set out below:

Description of properties	**Valuation methodology**	**Market value in existing state as at 30 September 2021** *(RMB million)* *(approximately)*	**Market value in existing state as at 31 January 2022** *(RMB million)* *(approximately)*
Completed residential and commercial properties	The property has been valued by market approach which is generally by comparing recent market evidence of similar properties located in the neighbourhood area of the properties. This approach is commonly used to value properties where reliable market evidence is available. In the course of valuation of the completed residential and commercial properties, the valuation has made references to residential and commercial comparables located in the area close to the subject property with similar building conditions and facilities as the subject property. The valuation has also made references to the previous transaction records of the subject property. The unit rates adopted in the valuation are consistent with the unit rates of the relevant comparables after due adjustments in terms of location, time and size, etc.	89.99	83.50

Description of properties	Valuation methodology	Market value in existing state as at 30 September 2021 *(RMB million)* *(approximately)*	Market value in existing state as at 31 January 2022 *(RMB million)* *(approximately)*
Outlet	The property has been valued by discounted cash flow approach where the value depends on the present value of future economic benefits to be derived from ownership of the property interests, and an indication of value if calculated as the present value of the future cash flow. The future cash flow is discounted at the market-derived rate of return appropriate for the risks and hazards of investing in a similar property. In valuing the outlet property by using discounted cash flow approach, the valuation has adopted the capitalization rate of 5.5% and discount rate of 8.5%. The terminal growth rate adopted is 3%. The market monthly unit rent is approximately RMB 17-82 per sq.m.. The occupancy rate as at the valuation date is approximately 87%. The land use rights expiry date is 27 October 2049.	418.10	435.40
Properties under development	The property has been assumed that it will be developed and completed in accordance with the latest development proposal. In arriving at the valuation, the property interests have been valued by using the market approach by making reference to comparable sales evidence as available in the relevant market and taking into account the accrued construction cost and professional fees relevant to the stage of construction as at the date of valuation and the remainder of cost and fees expected to be incurred for completing the development.	659.60	697.40

Description of properties	Valuation methodology	Market value in existing state as at 30 September 2021 *(RMB million)* *(approximately)*	Market value in existing state as at 31 January 2022 *(RMB million)* *(approximately)*
Vacant land	In valuing the property interests which are held for future development, the property interests have been valued by using market approach which is generally by comparing recent market evidence of similar properties located in the neighbourhood area of the properties. This approach is commonly used to value properties where reliable market evidence is available. In the course of valuation of the vacant land, the valuation has considered and analysed the land sale comparables in the vicinity. The valuation has made reference to residential land sale comparables in Wangcheng District, Changsha City, Hunan Province, the PRC. The unit rate adopted in the valuation is consistent with the unit rates of the relevant comparables after due adjustments in terms of location, time and size, etc.	1,503.80	1,513.40
Total		**2,671.49**	**2,729.7**

The aforesaid valuations of the properties held by Target Company 1 were appraised by the Independent Valuer using market approach and discounted cash flow approach. The Independent Valuer has assumed that the Company has obtained proper title certificates of the property interests which can be freely transferred in the market in their existing state with no outstanding payable fees or monies.

In valuing the property interests with rental income, the properties have been valued by discounted cash flow approach where the value depends on the present value of future economic benefits to be derived from ownership of the property interests, and an indication of value if calculated as the present value of the future cash flow. The future cash flow is discounted at the market-derived rate of return appropriate for the risks and hazards of investing in a similar property.

For the property interests which are currently under development and the property interests held for future development, the properties have been assumed that they will be developed and completed in accordance with the latest development proposal. In arriving at the valuation, the property interests have been valued by using the market approach by making reference to comparable sales evidence as available in the relevant market and taking into account the accrued construction cost and professional fees relevant to the stage of construction as at the date of valuation and the remainder of costs and fees expected to be incurred for completing the development.

The Directors considered the Independent Valuer's competence and independence before engaging the Independent Valuer. In order to assess the competence of the Independent Valuer, the Directors noted that the Independent Valuer has experience in provision of property valuation services to a number of Hong Kong listed companies in different industries. To the best knowledge of the Directors and having made all reasonable enquiries, the Independent Valuer is independent to the Group, the Purchaser, the Target Group and their respective beneficial owners and associates. The Directors have also reviewed and discussed with the Independent Valuer the valuation approaches adopted, the methodology of valuation and the principal inputs used in the valuation, and are of the view that the valuation approaches, valuation methodology and valuation inputs are fair and reasonable.

The reassessed net liabilities

Details of the reassessed net liabilities of the Target Group are set out below:

	Based on preliminary valuation as at 30 September 2021	**Based on valuation as at 31 January 2022**
	HK$ million	*HK$ million*
Unaudited net liabilities of the Target Group as at 30 September 2021	1,155.95	1,155.95
Add: Valuation surplus (before taxation) of property interests held by the Target Group	532.87	602.72
Reassessed net liabilities of the Target Group	623.08	553.23

Accordingly, the Board considers reasonable to determine the consideration under the Equity Transfer Agreements with reference to the aforesaid reassessed net liabilities of the Target Group as at 30 September 2021 of approximately HK$623.08 million (based on preliminary valuation as at 30 September 2021) and approximately HK$553.23 million (based on valuation as at 31 January 2022). Since the Target Group recorded net liabilities as at 30 September 2021 (on a reassessed combined basis as mentioned above) and net loss on a combined basis for the two years ended 31 March 2021 and for the six months ended 30 September 2021, and taking into account the Default Loans, the Board considers that a consideration of RMB1 for each of the Equity Transfer Agreement 1, the Equity Transfer Agreement 2 and the Equity Transfer Agreement 3 is fair and reasonable.

Conditions Precedent

The Equity Transfer Agreements will be effective upon fulfillment of the conditions precedent.

Equity Transfer Agreement 1

Completion 1 is conditional upon the following conditions being satisfied:

(i) the board of directors and shareholders of Target Company 1 passing the relevant resolution(s) to approve the Equity Transfer Agreement 1 and the transactions contemplated thereunder in accordance with the articles of association of Target Company 1;

(ii) the board of directors of the Sellers passing the relevant resolution(s) to approve the Equity Transfer Agreement 1 and the transactions contemplated thereunder;

(iii) the Board and the Shareholders passing the relevant resolution(s) to approve the Equity Transfer Agreement 1 and the transactions contemplated thereunder in accordance with the Company's articles of association and the Listing Rules; and

(iv) the Sellers agree and undertake that the Sellers will cause the board of directors and shareholders of Target Company 1, the board of directors of the Sellers, the Board and the Shareholders, to pass the relevant resolution(s) to approve the Equity Transfer Agreement 1 and the transactions contemplated thereunder in an appropriate manner upon the Equity Transfer Agreement 1 becoming effective, and to obtain approval from the Stock Exchange in an appropriate manner within 120 calendar days from the date of the Equity Transfer Agreement 1 becoming effective. The Purchaser agrees and undertakes that it will cause its board of directors and general meeting (shareholders) to pass the relevant resolution(s) to approve the Equity Transfer Agreement 1 and the transactions contemplated thereunder in an appropriate manner within the same time limit mentioned above.

If both the Sellers and the Purchaser confirm that all or one of items ii, iii and iv of the above agreed to in the Equity Transfer Agreement 1 cannot be satisfied, it is deemed that the Sellers must bear the responsibility for fault in contracting, and the Purchaser has the right to require the Sellers to compensate the necessary expenses actually incurred in the process of equity acquisition in the Equity Transfer Agreement.

As at the Latest Practicable Date, conditions (i) and (ii) have been satisfied.

Equity Transfer Agreement 2

Completion 2 is conditional upon the following conditions being satisfied:

(i) the board of directors of Seller 1 passing the relevant resolution(s) to approve the Equity Transfer Agreement 2 and the transactions contemplated thereunder;

(ii) the Board and the Shareholders passing the relevant resolution(s) to approve the Equity Transfer Agreement 2 and the transactions contemplated thereunder in accordance with the Company's articles of association and the Listing Rules;

(iii) the board of directors and shareholders of Target Company 2 passing the relevant resolution(s) to approve the Equity Transfer Agreement 2 and the transactions contemplated thereunder in accordance with the articles of association of Target Company 2;

(iv) the board of directors and shareholders' meeting of the Purchaser (or designated subsidiary of the Purchaser) passing the relevant resolution(s) to approve the Equity Transfer Agreement 2 and the transactions contemplated thereunder in accordance with the articles of association of the Purchaser; and

(v) the Equity Transfer Agreement 1 being effective.

As at the Latest Practicable Date, conditions (i), (iii) and (iv) have been satisfied.

Equity Transfer Agreement 3

Completion 3 is conditional upon the following conditions being satisfied:

(i) the board of directors of Seller 1 passing the relevant resolution(s) to approve the Equity Transfer Agreement 3 and the transactions contemplated thereunder;

(ii) the Board and the Shareholders passing the relevant resolution(s) to approve the Equity Transfer Agreement 3 and the transactions contemplated thereunder in accordance with the Company's articles of association and the Listing Rules;

(iii) the board of directors and shareholders of Target Company 3 passing the relevant resolution(s) to approve the Equity Transfer Agreement 3 and the transactions contemplated thereunder in accordance with the articles of association of Target Company 3;

(iv) the board of directors and shareholders' meeting of the Purchaser (or designated subsidiary of the Purchaser) passing the relevant resolution(s) to approve the Equity Transfer Agreement 3 and the transactions contemplated thereunder in accordance with the articles of association of the Purchaser; and

(v) the Equity Transfer Agreement 1 being effective.

As at the Latest Practicable Date, conditions (i), (iii) and (iv) have been satisfied.

Transitional Arrangement

The transitional period starts from the date of the Equity Transfer Agreements becoming effective to the date on which the Sellers transfers the Sale Shares to the Purchaser. During the transitional period, the Purchaser shall supervise the Target Companies, and the Target Companies shall co-manage all important business elements such as permits, seals, bank account seals, USB keys and all documents of the Target Companies with the Purchaser. Where a need for the staff of the Target Companies to use the above seals and permits arises, such staff may only have access to the same after undergoing the existing approval process of the Target Companies and verification by the personnel appointed by the Purchaser (the Purchaser must respond within 24 hours after the Target Companies' submission for approval, and must not refuse all normal requests for use of the seals of the Target Companies). The Sellers shall maintain the normal operation of the Target Companies during the transitional period, and must not do any act detrimental to the Purchaser's subsequent development.

Completion

Equity Transfer Agreement 1

All formalities required for registration of equity transfer must be completed within 10 days after the Equity Transfer Agreement 1 comes into effect. Completion 1 takes place when equity transfer is completed. Within 5 days after the Purchaser obtains the Sale Shares 1, the Sellers and the Purchaser shall complete the delivery procedures regarding Target Company 1.

Equity Transfer Agreement 2

Seller 1 shall assist the Purchaser with the registration of equity transfer within 10 days after the Equity Transfer Agreement 2 comes into effect. Within 5 days after the Purchaser obtains the Sale Shares 2, Seller 1 and the Purchaser shall complete the delivery procedures regarding Target Company 2.

Equity Transfer Agreement 3

Seller 1 shall assist the Purchaser with the registration of equity transfer within 10 days after the Equity Transfer Agreement 3 comes into effect. Within 5 days after the Purchaser obtains the Sale Shares 3, Seller 1 and the Purchaser shall complete the delivery procedures regarding Target Company 3.

3. INFORMATION OF THE TARGET GROUP

3.1 Business of the Target Group

Target Company 1 is a company incorporated in the PRC with limited liability. Target Company 1 is held as to 38.73% by Seller 1 and 61.27% by Seller 2, and is an indirect wholly-owned subsidiary of the Company. Target Company 1 is principally engaged in the development and sales of properties.

Target Company 2 is incorporated in the PRC with limited liability. Target Company 2 is wholly owned by Seller 1, and is an indirect wholly-owned subsidiary of the Company. Target Company 2 is principally engaged in the provision of leasing services. Target Company 2 signed a master lease agreement with Target Company 1 regarding the completed commercial properties, i.e. the outlets, owned by Target Company 1. Target Company 2 is then responsible to sub-lease the properties to the shop owners.

Target Company 3 is incorporated in the PRC with limited liability. Target Company 3 is wholly owned by Seller 1, and is an indirect wholly-owned subsidiary of the Company. Target Company 3 is principally engaged in the properties management of both commercial and residential parts of the Changsha Outlets Project. Target Company 3 deals with individual shop owners and properties owners directly.

The primary business activity of the Target Group is the development of the Changsha Outlets Project. All properties under the Changsha Outlets Project were held under Target Company 1. Target Company 2 and Target Company 3 are supporting units of the Changsha Outlets Project and do not own any property assets.

Changsha Outlets Project is a comprehensive project comprising the Globe Outlets (commercial) and Outlets Town (residential) developed by the Group in Changsha, Hunan Province, the PRC. Details of the Changsha Outlets Project are set out in the section headed "INFORMATION ON THE CHANGSHA OUTLETS PROJECT" of this circular below.

3.2 Financial information of the Target Group

Set out below is the financial information of each of Target Company 1, Target Company 2 and Target Company 3, which were respectively prepared in accordance with the Hong Kong Financial Reporting Standards, for the two years ended 31 March 2020 and 2021 and the six months ended 30 September 2021:

Target Company 1:

	For the year ended		For the six months ended
	31 March 2020	**31 March 2021**	**30 September 2021**
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)
Revenue	7,344	3,326	712
Loss before taxation	256,593	377,413*	131,217*
Loss after taxation	226,067	374,694*	128,000*

Target Company 2:

	For the year ended		For the six months ended
	31 March 2020	**31 March 2021**	**30 September 2021**
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)
Revenue	24,833	27,054	8,183
Profit/(loss) before taxation	8,720	(11,010)	2,852
Profit/(loss) after taxation	8,720	(11,010)	2,852

Target Company 3:

	For the year ended		For the six months ended
	31 March 2020	**31 March 2021**	**30 September 2021**
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)
Revenue	2,003	1,881	1,298
Loss before taxation	4,180	5,014	1,516
Loss after taxation	4,180	5,014	1,516

Set out below is the unaudited combined financial information of the Target Group, based on the financial information of the Target Companies which were respectively prepared in accordance with the Hong Kong Financial Reporting Standards, for the two years ended 31 March 2020 and 2021 and the six months ended 30 September 2021:

	For the year ended		For the six months ended
	31 March 2020	**31 March 2021**	**30 September 2021**
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)
Revenue	33,615	31,982	9,914
Loss before taxation	252,053	393,437*	129,881*
Loss after taxation	221,527	390,718*	126,664*

The unaudited combined total assets and total liabilities of the Target Group as at 30 September 2021 were approximately HK$3.47 billion* and HK$4.63 billion* respectively. The unaudited net liabilities of the Target Group as at 30 September 2021 was approximately HK$1.16 billion*.

The unaudited combined financial information of the Target Group was prepared by aggregating the results, assets and liabilities of the Target Companies after eliminating transactions and balances between the Target Companies. Further details of the unaudited combined financial information of the Target Group are set out in Appendix II to this circular.

* *Subsequent to the publication of the Announcement, the unaudited financial information of Target Company 1 and the Target Group for the year ended 31 March 2021 and for the six months ended 30 September 2021 was adjusted after the review by the auditors of the Company, with mainly adjustments to valuations of investment properties and properties under development.*

4. INFORMATION OF THE CHANGSHA OUTLETS PROJECT

4.1 Project overview

Located in Changsha Wangcheng National Economic and Technological Development Zone, the 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 over 1,200,000 sq.m., comprising a residential portion (Outlets Town) and a commercial portion (Globe Outlets). Details of the Changsha Outlets Project are as follows:

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, mid-rise 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.

Commercial Properties – Globe Outlets

Globe Outlets, the commercial portion of the Changsha Outlets Project has more than 200 domestically and internationally renowned fashion retail brands settling therein, a large separate indoor trampoline centre, an IMAX cinema complex, an art education and training institution, HappyNest (a supermarket for imported household products), a cartoon amusement park for children, a high-end chain kindergarten, 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.

Property	Description	Classification	Total GFA (*sq. m.*)
Residential phase 1 (completed)	Villa, shop, clubhouse and ancillary	Properties held for sale	60,510.39
Residential phase 3 (under development)	High-rise building	Properties under development	177,161.31
Commercial	Outlet and commercial land	Investment properties	177,930.64
Vacant land (including remaining part of Residential phase 2 and phase 4)	Residential land	Properties under development and right-of-use assets	771,940.39
School	Nine-year school	Properties under development	28,274.75

4.2 Project status

Since the commencement of construction of the Changsha Outlets Project in 2010, the Target Group has completed the construction of the north portion of the commercial portion of the Changsha Outlets Project in 2017. There is another south portion of the commercial portion of the Changsha Outlets Project which is still at preliminary construction stage. The Changsha Outlets Project was a large-scale development project with residential and commercial portion, and it was among the first few outlet development projects in the proximity around the site area of the Changsha Outlets Project. It was the agreement between the Target Group and the local government to complete the commercial portion first so as to bring in the outlet to the local area earlier.

Regarding the residential portion, the Target Group has completed and delivered phase 1 of the residential portion and certain parts of phase 2 of the residential portion. During the year ended 31 March 2018, the Target Group has applied to change the development plan of the remaining phases of the residential portion of the Changsha Outlets Project. As stated in the interim report of the Company for the six months ended 30 September 2017, under the original development plan, the residential portion would mainly comprise villas which are not easy to de-stock, making it difficult for the Company to realise cash flow within a short period of time. Apart from that, there were no educational facilities in the original development plan, hence the original development plan could not meet the new policy requirements of the current government for a large community. Thus, under the new development agenda, the Target Group suggests to strategically focus on developing high-rise buildings and bungalows which are more readily realisable, while introducing adequate educational facilities as required by the government. On 27 April 2018, the adjustment of the master plan was approved by the Planning and Construction Bureau of Wangcheng Economic and Technological Development Zone. After one month, the Target Group has successfully obtained the planning permit for the new area development on 30 May 2018.

During the years ended 31 March 2019, 2020 and 2021, the Target Group has been continuing the development of the remaining part of the commercial portion, and also remaining part of phase 2, the whole phase 3 and phase 4 of the residential portion of the Changsha Outlets Project. Construction work and pre-sales activities were on-going as at the Latest Practicable Date. However, as a result of, among other things, (i) stringent local regulatory policies on real estate affecting local property prices, sales activities and financing arrangements; (ii) the COVID-19 epidemic affecting construction, sales activities and leasing activities of commercial portion; and (iii) slow return from commercial properties which usually take longer time to recover the return on investments, the development of the Changsha Outlets Project has been slowed down and the Target Group has faced significant financial pressure for the on-going development of the Changsha Outlets Project. Further, the breaching of the terms of the Default Loans made it difficult for the Target Group to raise new funds to support the complete future development of the Changsha Outlets Project at the same time fulfilling the repayment obligation of all the existing debts.

5. INFORMATION OF THE REMAINING GROUP

Upon Completion, the Remaining Group will continue to carry out its business of 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. The Remaining Group will continue to develop other projects, in particular the Yinchuan Project and the Qinhuangdao Project.

5.1 The Yinchuan Project

5.1.1 Project overview

The Company held the Yinchuan Project 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. The Yinchuan Project comprises both residential and commercial portions. The residential project, Jin Sheng Yue Jing is a large-scale residential community featured with the supporting commercial facilities. It creates 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. With a planned GFA over 200,000 sq.m., the Jin Sheng Yue Jing project residential portion comprises 20 mid to high-rise buildings to be developed in 3 phases, with 4 buildings in phase 1, 2 buildings in phase 2 and 14 buildings in phase 3 respectively. The Yinchuan Project commercial properties consist of three commercial buildings (being phase 1 of the commercial portion) (namely "建材樓", "家居樓" and "太平商場") and two corridors (being phase 2 of the commercial portion), collectively known as Jeshing International Home Furnishing Mall • Desheng Square(金盛國際家居• 德勝廣場)with a total GFA over 90,000 sq.m.. It is an integrated commercial complex featuring building materials and furniture stores, department stores, restaurants and supermarkets, with malls offering high-end building materials and upscale household products. Details of the Yinchuan Project are as follows:

	Property type	GFA *(sq.m.)*	Time of completion	Commencement time of sales/ income generation	Notes
Residential phase 1	Flats, shops and ancillary	33,672	Completed	Majority sold and delivered Ancillary with GFA of 2,864 sq.m. will be retained by the Remaining Group and not for sale	NA
Residential phase 2	Flats, shops and ancillary	45,788	Main part of construction completed	To be sold during the year ending 31 March 2026 (expected unit price of sales: approximately RMB6,000/sq.m. of residentials and RMB5,000/ sq.m. of shops*) Ancillary with GFA of 3,375 sq.m. will be retained by the Remaining Group and not for sale	Residential phase 2 mainly represents two plegded residential buildings and related shops, completion of construction and commencement of sales depend on the release of pledge.

	Property type	GFA *(sq.m.)*	Time of completion	Commencement time of sales/ income generation	Notes
Residential phase 3	Flats and ancillary	150,932	Completed	Majority of residential properties sold and under delivery (average unit price of sales for properties sold and expected unit price of sales for the remaining unsold properties: approximately RMB6,000/sq.m. of residentials*) Ancillary with GFA of 53,175 sq.m. will be retained by the Remaining Group and not for sale	NA
Commercial	Shops	90,005.28	Completed	Under lease	44,921 sq.m. of the commercial properties were under pledge, and 15,655.05 sq.m. of the unpledged portion were sold to various independent third parties. The operation of the unpledged portion of the commercial properties does not rely on the operation of the pledged portion.

* *The expected unit prices of sales are estimated based on the sales prices of other residential properties of similar type near the Yinchuan Project. The expected unit prices of sales are for reference only and do not represent unit prices for future sales of the properties. The unit prices of sales of the properties will be determined by the Remaining Group in due course taking into account, among other things, its then operating condition and the then market conditions.*

5.1.2 Project status

As at the Latest Practicable Date, the construction work of the commercial portion of the Yinchuan Project (including both the commercial phase 1 and commercial phase 2) has been completed. Phase 1 of the commercial portion represents all three commercial complexes of the Yinchuan Project and was completed in stages in 2012 and 2013. The Group started leasing the commercial complexes of the Yinchuan Project since 2012. Phase 2 of the commercial portion is an expansion project consisting of two corridors which link up the commercial complexes. Phase 2 was completed in 2019. There are 3 blocks of commercial complexes under the Phase 1 commercial portion, 2 blocks are under pledge for the Default Loans of the Target Group. Among the unpledged portion, portion with a total GFA of approximately 15,655.05 sq.m. was sold to various independent third parties, and the remaining unsold portion was retained by the Group. As at 4 March 2022, approximately 80.67% of total GFA of the commercial properties of the Yinchuan Project owned by the Group were leased to tenants.

For the residential portion (residential area with both residential properties and shops), phase 1 with a GFA of 33,672.00 sq.m. has been completed, and main part of the construction work of phase 2, including the two blocks of residential properties (together with the related shops) under pledge for the Default Loans of the Target Group, has been completed. Pre-sales permit of phase 2 of the residential portion was obtained in 2017, and the sales and delivery of the whole phase 2 (including the two pledged residential buildings and the related shops) is expected to complete during the year ending 31 March 2026 after the release of pledge. Phase 3 with a GFA of 150,932.00 sq.m. is completed. Pre-sales permit for phase 3 was obtained in 2019, and the Group has completed the sales of approximately 96% of total GFA of the phase 3 residential properties, representing a total of 756 units out of a total of 784 units up to 4 March 2022. As at 4 March 2022, the Group has completed the delivery of 544 units pre-sold units of phase 3 residential properties and it is expected that the remaining 212 pre-sold units will be delivered in the next six months. It is anticipated that the remaining approximately 4% (in terms of GFA) of the residential properties of phase 3 of the residential portion of the Yinchuan Project will be sold and delivered by 31 March 2023.

Among the commercial and residential portions of the Yinchuan Project, commercial properties with a GFA of 44,921 sq.m. and residential properties with a GFA of 45,788 sq.m. were pledged for a loan of the Target Group (as set out in the section headed "REASONS FOR AND BENEFITS OF THE DISPOSALS" of this circular). Regarding the pledged properties under commercial phase 1, they represent two blocks out of 3 blocks of the commercial complexes of the Yinchuan Project. The Group is generating and will continue to generate rental income from such pledged properties as long as the pledge is not executed by the lender. The operation of the unpledged portion of the commercial complex does not rely on the operation of the pledged portion of the commercial complexes. As for the pledged properties under residential phase 2, the Group expects that the construction work will be completed and the sales of properties will begin after the pledge is released. Further details of the pledged assets are set out in the section headed "REASONS FOR AND BENEFITS OF THE DISPOSALS" of this circular.

5.1.3 Financial information

Set out below is the financial information of Ningxia Jinguan prepared in accordance with the Hong Kong Financial Reporting Standards, during the year ended 31 March 2021 and the six months ended 30 September 2021:

	For the year ended 31 March 2021 *HK$'000* (unaudited)	**For the six months ended 30 September 2021** *HK$'000* (unaudited)
Revenue	9,186	1,991
Loss before taxation	19,436	7,809
Loss after taxation	20,068	8,095

The unaudited total assets and total liabilities of Ningxia Jinguan as at 30 September 2021 were approximately HK$1.12 billion and HK$827.22 million respectively. The unaudited net assets of Ningxia Jinguan as at 30 September 2021 was approximately HK$297.26 million.

Upon Completion, the Remaining Group will continue the development of the Yinchuan Project and will sell and/or lease the properties as and when appropriate. The Remaining Group will also generate management fees income from the Yinchuan Project by providing property management services to the tenants. The Board expects that the Remaining Group will continue to generate revenue from sale of properties, lease of properties and property management from the Yinchuan Project upon Completion.

5.2 The Qinhuangdao Project

5.2.1 Project overview

The Company held the Qinhuangdao Project through Qinhuangdao Outlets Real Estate Company Limited*(秦皇島奥特萊斯置業有限公司)("**Qinhuangdao Outlets**"), a wholly-owned subsidiary of the Company. The Qinhuangdao Project is 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. The residential and commercial parts of the Qinhuangdao Project aggregate to a total GFA over 500,000 sq.m.. Details of the Qinhuangdao Project are as follows:

	Property type	**GFA** *(sq.m.)*	**Time of completion**	**Commencement time of sales/income generation**	**Notes**
Phase 1	Duplexes, resort units, hotel, shopping mall and exhibition centre	126,141	By the year ending 31 March 2026 (expected)	Sales of duplexes with a GFA of 31,525 sq.m. will commence by stages upon completion (expected unit price of sales: approximately RMB26,000/sq.m.*) Sales of resorts units with a GFA of 26,053 sq.m. will commence by stages upon completion (expected unit price of sales: approximately RMB13,000/sq.m.*) Leasing/operation of the hotel and shopping mall with an aggregate GFA of 64,262 sq.m. and operation of exhibition centre with GFA of 4,301 sq.m. are expected to commence by the year ending 31 March 2027 upon completion	Sales of majority portion of duplexes and resorts units expected by the year ending 31 March 2026
Phase 2	Villas	248,529.5	By the year ending 31 March 2026 (expected)	To be sold by stages upon completion (expected unit price of sales: approximately RMB17,500/sq.m.*)	Sales of majority portion expected by the year ending 31 March 2026
Phase 3	Health and wellness centre	127,898	By the year ending 31 March 2026 (expected)	Operation commencement expected by the year ending 31 March 2027 upon completion	Expected to be retained by the Remaining Group

* *The expected unit prices of sales are estimated based on the sales prices of other residential properties of similar type near the Qinhuangdao Project. The expected unit prices of sales are for reference only and do not represent unit prices for future sales of the properties. The unit prices of sales of the properties will be determined by the Remaining Group in due course taking into account, among other things, its then operating condition and the then market conditions.*

5.2.2 Project status

The Qinhuangdao Project signed the land use rights purchase agreements to purchase the land use rights of 1,077 mu in the first quarter of 2012 and started the preparations for the preliminary stage of construction, including fencing and backfill work, in order to prepare for the official kick-off of the construction. It was expected to obtain the land use right certificates on or before the second half in 2013, however, the lands were re-located to be managed under Beidaihe New District, which originally would be managed by Changli County, and it created a delay of the project and the Company only received the land use right certificates in March 2015. As disclosed in the 2014 annual report of the Company, the whole fencing and part of the backfill works for the land parcels have been completed, which basically met the land use requirement for phase 1 construction. Meanwhile, the Qinhuangdao Project was proactively fulfilling the preliminary work of application for land use and construction licenses and permits, including application for permit for the general project plan and design, so as to be prepared for the commencement of phase 1. During the six months ended of 30 September 2017, the planned conceptual design for the phase 1 of the Qinhuangdao Outlets Project has been adjusted as per the requirements from the local government to comply with the general urban planning; and the project has experienced a further delay. As at the date of the Latest Practicable Date, the Group has successively obtained the construction work planning and commencement permits for sections A, B, and C of phase 1 and the exhibition centre (i.e. the whole phase 1 except for the resort units and hotel), the construction work planning permit for section D of phase 1 (i.e. the resort units and hotel) as well as the pre-sales permits for the first 59 duplexes. The delay of phase 1 has also impacted the construction planning on phase 2 and phase 3, and the planning schemes for phase 2 and phase 3 were reviewed and approved by Qinhuangdao Municipal Planning Commission on 8 April 2020. During the year ended 31 March 2021, sections 1 to 5 of phase 2 (i.e. the whole phase 2) have obtained the reply of approval for project initiation, sections 1 and 2 of phase 2 has obtained the notice of joint proposal review, and section 2 of phase 2 has passed the joint proposal review. The planning on phase 2 and phase 3 interlinks with the sales strategies of phase 1, and that explained the slow progress of the sales of phase 1 since obtaining the pre-sales permits in January 2019. After the planning schemes for phase 2 and phase 3 were approved in April 2020, the progress of the Qinhuangdao project was impacted negatively by COVID-19 epidemic and the Default Loans (the Group breached the terms of loan agreements in June 2020 which has negatively impacted on the Group's ability to obtain financial resources).

5.2.3 Development plan

As at the Latest Practicable Date, the project is still under development and the Group is accelerating the pre-sales process of the project after the Disposals. For phase 1 (which includes residential portion with a total GFA of 57,578 sq.m. and commercial portion with a total GFA of 68,563 sq.m.), the Group began the sales of the residential properties in 2019. As at 4 March 2022, residential properties with a total GFA of 4,775 sq.m. (representing approximately 8.3% of the total GFA of the residential properties of phase 1) have been pre-sold. The pre-sales of the remaining phase 1 residential properties with a total GFA of 52,803 sq.m. is on-going and it is expected that the sales of majority portion of the phase 1 residential properties will be completed by the year ending 31 March 2026. It is expected that the phase 1 residential properties will be completed in stages by the year ending 31 March 2026. The pre-sold residential properties will be delivered in stages upon completion and the Remaining Group will recognise revenue from such portion accordingly. The Remaining Group will also record revenue from the provision of properties management services (upon delivery of residential properties and leasing of the commercial properties) and rental income of commercial properties (upon completion of the commercial properties). It is expected that the phase 1 commercial properties, which represents a shopping mall, a hotel and an exhibition centre with a total GFA of 68,563 sq.m., will be completed in stages by the year ending 31 March 2026. The Remaining Group expects to begin the leasing of the shopping mall and operation of the hotel starting from the year ending 31 March 2027 upon completion of construction.

For phase 2 (which includes only residential portion with a total GFA of 248,529.5 sq.m.), commencement of construction is expected to be in November 2022, and completion of construction is expected by the year ending 31 March 2026. The Remaining Group is planning to commence pre-sales of the phase 2 residential properties in January 2023. It is expected that sales of majority portion of the phase 2 residential properties will be completed by the year ending 31 March 2026. It is expected that the phase 2 residential properties will be completed in stages by the year ending 31 March 2026. The pre-sold residential properties will be delivered in stages upon completion and the Remaining Group will recognise revenue from such portion accordingly.

For phase 3 (which includes only commercial portion with a total GFA of 127,898 sq.m.), commencement of construction is expected to be in February 2024, and completion of construction is expected by the year ending 31 March 2026. Such commercial properties, which represents a health and wellness centre, will be retained by the Remaining Group for leasing purpose. The Remaining Group targets to begin the operation of the health and wellness centrestarting from the year ending 31 March 2027.

It is expected that development of the Qinhuangdao Project will continue and construction of the project will be completed in stages in around four years. The Remaining Group will finance the capital expenditure of the project by proceeds from the sales of project properties, loan from the controlling Shareholder and existing borrowings.

5.2.4 Financial information

Set out below is the financial information of Qinhuangdao Outlets prepared in accordance with the Hong Kong Financial Reporting Standards, during the year ended 31 March 2021 and the six months ended 30 September 2021:

	For the year ended 31 March 2021 *HK$'000* (unaudited)	**For the six months ended 30 September 2021** *HK$'000* (unaudited)
Revenue	nil	367
Loss before taxation	12,697*	38,263
Profit/(loss) after taxation	2,276*	(35,814)

Qinhuangdao Project is still under the development stage and the profit or loss items recorded during the development period included depreciation of right-of-use assets, fair value changes on investment properties and some miscellaneous expenses.

The unaudited total assets and total liabilities of Qinhuangdao Outlets as at 30 September 2021 were approximately HK$1.55 billion* and HK$1.58 billion respectively. The unaudited net liabilities of Qinhuangdao Outlets as at 30 September 2021 was approximately HK$29.62 million*, after considering the deferred income, under other payables, of approximately HK$447.35 million. The deferred income refers to the government grants received previously for construction of the project. The balance will be net off construction costs of the project on a proportional basis and no cash outflow will be required to set off the balance.

* *Subsequent to the publication of the Announcement, the unaudited financial information of Qinhuangdao Outlets for the year ended 31 March 2021 and for the six months ended 30 September 2021 was adjusted, with mainly adjustments to valuations of investment properties.*

Upon Completion, the Remaining Group will continue the development of the Qinhuangdao Project and will sell and/or lease the properties as and when appropriate. The Remaining Group will also generate management fees income from the Qinhuangdao Project by providing property management services to the tenants and residents. The Board expects that the Remaining Group will generate revenue from sales of properties, lease of properties and property management from the Qinhuangdao Project upon the completion of construction.

5.3 Other projects

Apart from the Yinchuan Project and the Qinhuangdao Project, the Remaining Group will also continue to participate in the development of the Huailai Project and the Changchun Project through its associated companies.

The Huailai 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. It is a private wine estate located at Sangyuan Town, Huailai County, Zhangjiakou, with a total GFA of 104,038 sq.m.. 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 Changchun Project is developed by Globe Outlet Town (Jilin) Limited*(吉林奧特萊斯世界名牌折扣城有限公司)(the "**Jilin Company**"), a 42%-owned associated company of the Company. It is an integrated 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, with a total GFA of 573,504 sq.m.. Jilin Company initially developed the C3 residential lot of the land under the promotion name of JeShing Premium(金盛逸品)(later renamed as JeShing Jiuli New City(金盛•九里新城)in April 2020), which covers an area of approximately 74 mu with plot ratio of 1.49 and greening ratio of 30.81%, by planning and building it into a high-end residential community with 12 multi-storey buildings and planned GFA of approximately 105,000 sq.m. with hot spring directly accessible to each individual unit. The construction of all buildings under Phase 1 of JeShing Jiuli New City was basically completed, and delivered in January 2021 for owners to move in.

6. INFORMATION OF THE SELLERS

Seller 1 is a company incorporated in the PRC. It is principally engaged in investment holding. Seller 1 is a direct wholly-owned subsidiary of the Company.

Seller 2 is a company incorporated in Hong Kong and is principally engaged in investment holding. Seller 2 is an indirect wholly-owned subsidiary of the Company.

7. INFORMATION OF THE PURCHASER

The Purchaser is a private company incorporated in the PRC in 2017, headquartered in Changsha City, Hunan Province, the PRC. It is an enterprise group whose main business involves real estate development, equity investment, art collection and other fields. The Purchaser is ultimately owned by Mr. Li Jianghua (李將華)(“**Mr. Li**”) as to 99.9% and by Ms. Liu Meizhen (劉美真)(“**Ms. Liu**”) as to 0.1%.

The Purchaser possesses second-level real estate development qualifications, and its subsidiaries include 湖南燎原房地產開發有限公司 (Hunan Liaoyuan Real Estate Development Co., Ltd.*), 湖南省將華置業有限公司(Hunan Jianghua Real Estate Co., Ltd.*), 樂沃居(珠海)置業有限公司(Lewoju (Zhuhai) Real Estate Co., Ltd.*), 長沙恆儀文化科技開發有限公司(Changsha Hengyi Cultural Technology Development Co., Ltd.*), 長沙大觀置業有限公司(Changsha Daguan Real Estate Co., Ltd.*), etc. These property development companies focus on cultivating strong second-tier core cities such as Changsha, Nanchang and Zhuhai.

Mr. Li has over 20 years of knowledge and experience in property development and construction management in the PRC. Mr. Li is the founder and chairman of the board of directors of the Purchaser. He is also the executive president of Jiangxi Chamber of Commerce in Hunan Province* (湖南省江西商會執行會長), honorary president of Jiangxi Chamber of Commerce in Hengyang City* (衡陽市江西商會名譽會長) and chairman of Nanchang Chamber of Commerce in Changsha City* (長沙市南昌縣商會會長).

Ms. Liu joined Hunan Leji Real Estate Co., Ltd.* (湖南樂基置業有限公司) in December 2017, which is the shareholder of the Purchaser. She has over 10 years of experience in business management.

At the same time, the Purchaser also cooperated with other property developers to jointly develop multiple real estate projects in Changsha, Zhuzhou, Hengyang, Chenzhou, Shaoyang and other places. The Purchaser has a project that is proximate to the Changsha Outlets Project.

8. REASONS FOR AND BENEFITS OF THE DISPOSALS

8.1 Financial position of the Target Group and the Default Loans

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.

The primary business activity of the Target Group is the development of the 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 PRC.

As set out in the section headed "INFORMATION OF THE CHANGSHA OUTLETS PROJECT" of this circular, the Target Group has been incurring net loss for the two years ended 31 March 2021 and for the six months ended 30 September 2021, with a net loss of approximately HK$390.72 million and HK$126.66 million for the year ended 31 March 2021 and the six months ended 30 September 2021, respectively. As at 30 September 2021, the unaudited net liabilities of the Target Group on a combined basis amounted to approximately HK$1.16 billion.

As disclosed in the interim report of the Company for the six months ended 30 September 2021, the Group breached the terms of two loans from two financial institutions (i.e. the Default Loans), with outstanding principal amounts of RMB940.7 million and RMB270.0 million respectively during the six months ended 30 September 2021. These two loans relate to the Target Group and was held by Target Company 1, and will be part of the liabilities of the Target Group to be assumed by the Purchaser. Pursuant to the terms of the Default Loans, the lenders have a discretionary right to demand immediate full repayment of the outstanding principal together with any unpaid interests. As at 30 September 2021, together with the Default Loans, the Target Group had total borrowings ("**Borrowings**") (excluding amounts due to the Remaining Group and certain amounts due to related companies for which there are no loan agreements in place) of approximately HK$1.74 billion, of which the Default Loans were repayable on demand, and the remaining loans will be repayable within 2022. Details of the total borrowings of the Target Group are set out below:

	Lender	**Outstanding principal amount as at 30 September 2021** *(RMB)* *(approximately)*	**Repayment status**	**Maturity**	**Pledge**
Loan 1	Huarong Xiangjiang Bank Co., Ltd.*（華融湘江銀行股份有限公司）	940.7 million	In default	All remaining principal balance and accrued interest of the loan shall be repaid before 30 June 2022, with payment of the default interests of approximately RMB14.7 million before 29 June 2020.	Pledged by certain of the Target Group's and the Remaining Group's assets
Loan 2	China Huarong Asset Management Co Ltd (Hunan Branch)*（中國華融資產管理股份有限公司湖南省分公司）	270 million	In default	All remaining principal balance and accrued interest of the loan shall be repaid on 30 June 2022.	Pledged by certain of the Target Group's assets

	Lender	Outstanding principal amount as at 30 September 2021 *(RMB)* *(approximately)*	Repayment status	Maturity	Pledge
Loan 3	Nanjing Jeshing International Home Decoration Operation Management Co., Ltd.*（南京金盛國際家居市場經營管理有限公司）	231.79 million	Non-default	All remaining principal balance and accrued interest of the loan shall be repaid on 31 December 2022.	Pledged by certain of the Target Group's assets
Loan 4	Bank of Changsha Co., Ltd.*（長沙銀行股份有限公司）	10 million	Non-default	All remaining principal balance and accrued interest of the loan shall be repaid on 31 March 2022.	No pledge

In view of the significant losses incurred by the Target Group, and the financial position of the Target Group, including the net liabilities position, together with the breaching of the aforesaid Default Loans by the Target Group, the Board considers that it is difficult for the Target Group to have sufficient internal resources to settle all the outstanding loans. Further, since the Target Group recorded net liabilities and breached the terms of the Default Loans, it is impractical for the Target Group to obtain any additional debt financing. In view of the above, the Company intends to carry out the Disposals to release the Group from the liabilities of the Target Group. It would therefore enable the Group to rationalise and deploy resources on other areas of operations with the objective of enabling the Group to improve its overall business performance.

8.2 The Remaining Group business

Upon Completion, the Group will continue to be engaged in the property development and property management businesses carried out by the Remaining Group. It is expected that the key property projects of the Remaining Group upon Completion will comprise the Yinchuan Project and the Qinhuangdao Project. Upon Completion, it is expected that the Remaining Group will continue the development of the Yinchuan Project and will sell and/or lease the properties as and when appropriate. Regarding the Qinhuangdao Project, the development has been delayed as a result of the reasons as set out above. However, the Group has managed to continue the development of the Qinhuangdao Project and it is also expected that construction of the project will be completed in stages in around four years. In addition to the Yinchuan Project and the Qinhuangdao Project, the Remaining Group will also continue to participate in the development of the Huailai Project and the Changchun Project through its associated companies. Further details of the development plan of the property projects of the Remaining Group are set out in the section headed "INFORMATION OF THE REMAINING GROUP" of this circular.

During the year ended 31 March 2021 and the six months ended 30 September 2021, the aggregate revenue generated from the development of the Qinhuangdao Project and the Yinchuan Project amounted to HK$9.18 million and HK$2.36 million respectively. The aggregate revenue from the Qinhuangdao Project and the Yinchuan Project only represents approximately 22% and 19% of the consolidated revenue of the Group during the relevant periods as set out above, and it was mainly because a large portion of the two projects were under development during such period. As set out in the section headed "INFORMATION ON THE REMAINING GROUP" of this circular, both the Yinchuan Project and Qinhuangdao Project are on-going and are expected to generate revenue from time to time. The Board expects that the Remaining Group will continue to generate revenue from sales of properties, lease of properties and property management from both the Yinchuan Project and the Qinhuangdao Project upon the Completion.

The Target Group, on a combined basis, recorded net loss after taxation of approximately HK$390.72 million and HK$126.66 million for the year ended 31 March 2021 and the six months ended 30 September 2021, respectively. In addition, the Target Group recorded finance costs of approximately HK$229.21 million and HK$102.33 million respectively for the year ended 31 March 2021 and the six months ended 30 September 2021. Upon Completion, it is expected that the finance costs of the Group will be significantly reduced and the financial position of the Group will be improved. Further, with the disposal of the Target Group which held the Default Loans, the Remaining Group will not bear any loans in default upon Completion. The Remaining Group will be in a better position to arrange for any necessary debt financing for continuous operation of the Remaining Group. The Board is of the view that the Remaining Group would be able to focus on the development of the property projects of the Remaining Group upon Completion, and the significant reduction in finance costs incurred by the Target Group would improve the financial performance of the Remaining Group.

8.3 Gain on Disposals

As set out in the sub-section headed "Consideration" under the section headed "EQUITY TRANSFER AGREEMENTS" of this circular, since the Target Group recorded a net liabilities (on a reassessed combined basis), and taking into account the net losses incurred by the Target Group on a combined basis for the two years ended 31 March 2021 and for the six months ended 30 September 2021, together with the Default Loans, the Board considers that a consideration of RMB1 for each of the Equity Transfer Agreement 1, the Equity Transfer Agreement 2 and the Equity Transfer Agreement 3 is fair and reasonable. Upon Completion, the Target Companies will cease to be subsidiaries of the Company and their financial information will cease to be consolidated in the financial statements of the Group. It is estimated that upon Completion, the Group will record a gain of approximately HK$1.16 billion on the Disposals, which is the difference between the total Consideration and the net liabilities of the Target Group. Shareholders should note that the financial effect is for illustrative purpose only. The actual gain/loss in connection with the Disposals will be determined based on the financial position of the Target Companies as at Completion and will be subject to review and audit by the auditors of the Company.

8.4 Background of the Disposals

As set out above, the Company intends to carry out the Disposals to, among other things, release the Group from the liabilities of the Target Group. The Company has been in discussion with different Independent Third Party potential buyers, including among others, the Purchaser, for the possible sale of the interests in the Target Group since early 2021. The Purchaser was introduced to the Company through the lenders of the Default Loans. Further details of the Purchaser are set out in the section headed "INFORMATION OF THE PURCHASER" of this circular. The Company first met with the Purchaser in June 2021 and entered into a memorandum of understanding with the Purchaser as set out in the Company's circular dated 29 June 2021. Further negotiations had been carried out between the Company and the Purchaser, as well as other Independent Third Party potential buyers. The Company has continued to have negotiations but could not reach an agreement with other Independent Third Party potential buyers. In December 2021, the Company and the Purchaser have agreed in principle the key terms of the Disposals. On 9 February 2022, the Equity Transfer Agreements were entered into between the Sellers and the Purchaser.

8.5 Other potential impact of the Disposals – the Remaining Group Pledged Assets and the Outstanding Intercompany Balances

The Target Group recorded unaudited net liabilities on a combined basis as at 30 September 2021. The Target Group had total Borrowings of approximately RMB1.45 billion (equivalent to approximately HK$1.74 billion) as at 30 September 2021, of which the Default Loans amounted to approximately RMB1.21 billion (equivalent to approximately HK$1.45 billion). The loans of the Target Group were secured by certain of the Group's assets, comprising mainly the assets of the Target Group and the Remaining Group Pledged Assets. The Remaining Group Pledged Assets relate to one of the Default Loans and consist of four properties of the Yinchuan Project, including two blocks of commercial buildings and two blocks of residential buildings (together with the related shops). As at 30 September 2021, the net book values of the Remaining Group Pledged Assets amounted to approximately HK$290.3 million. Upon Completion, the underlying loans regarding the Remaining Group Pledged Assets will continue to be held by the Target Group. It is the understanding of the Board that the Purchaser will negotiate with the financiers for the settlement of the outstanding loans relating to the Remaining Group Pledged Assets, and if this happens, the pledge of the Remaining Group Pledged Assets will be released. Based on the Board's understanding, (i) the Purchaser and Mr. Li who owns 99.9% of interests in the Purchaser have agreed to provide guarantee for the Default Loans such that the Purchaser and Mr. Li will be responsible to repay the Default Loans if the Target Group fails to do so (the "**Purchaser Guarantee**"); (ii) a guarantee agreement would be entered into between the Purchaser, Mr. Li and the lenders of the Default Loans for the Purchaser Guarantee; and (iii) loan revision agreements would be entered into between the Target Group and the lenders of the Default Loans, and such agreements as mentioned in (ii) and (iii) above have already been entered into as at the Latest Practicable Date.

In addition, based on the unaudited financial information of the Target Group and the Remaining Group, the Target Group owed the Remaining Group a net amount of approximately HK$127.07 million as at 30 September 2021, comprising intercompany receivables and payables between the Target Group and the Remaining Group (i.e. the Outstanding Intercompany Balances). Such Outstanding Intercompany Balances between the Target Group and the Remaining Group would also remain upon Completion. Since the Purchaser will assume all the liabilities of the Target Group, it is the understanding of the Board that the Purchaser will be responsible to procure the Target Group to settle such Outstanding Intercompany Balances when they fall due.

During the negotiation process with the Purchaser regarding the Disposals, the Company has tried to pursue the release of the pledge on the Remaining Group Pledged Assets and the settlement of the Outstanding Intercompany Balances. However, given that, among other things, (i) the Purchaser only agreed to assume all the liabilities of the Target Group and arrange to settle the loans and borrowings accordingly; (ii) if the pledge on the Remaining Group Pledged Assets had to be released and the Purchaser had to, or procure the Target Group to, settle the relevant loans and also the Outstanding Intercompany Balances, it would take a long time for Completion to take place; (iii) the Board considers that it would be more desirable to complete the Disposals earlier such that the Remaining Group would be able to deploy its resources to continue the development of the property projects of the Remaining Group as soon as possible; (iv) the Purchaser and Mr. Li have agreed to provide the Purchaser Guarantee for the Default Loans; (v) the Board has reviewed the background information of the Purchaser, including, among other things, the businesses and financial information for the two years ended 31 December 2020, a credit report of the Purchaser and a preliminary repayment plan of the liabilities of the Target Group, and has not noted any material issues regarding the Purchaser's financial position; and (vi) the lenders of the Default Loans, under which the shares of Target Company 1 are pledged, are only willing to provide consent on the Disposals provided the existing pledge of assets including the assets of the Target Group and the Remaining Group Pledged Assets is not released, the Company has agreed to enter into the Equity Transfer Agreements based on the existing terms. The Board considers that the Purchaser will be able to, or procure the Target Group to, repay the relevant loan regarding the Remaining Group Pledged Assets and the Outstanding Intercompany Balances. Having considered, among other things, (i) the Purchaser Guarantee; and (ii) the Board's review of the background information of the Purchaser (including the preliminary repayment plan of the liabilities of the Target Group), the Board considers that the chance of execution of the pledge on the Remaining Group Pledged Assets or not recovering the Outstanding Intercompany Balances is low. Having said that, from a prudent point of view and for illustration purpose, the Board has also considered the impact on the Remaining Group if the Purchaser could not repay the relevant loan regarding the Remaining Group Pledged Assets and the Outstanding Intercompany Balances. In such case, the Board considers that the Disposals are still in the interests of the Company and the Shareholders as a whole after considering, among other things, (i) the reasons and benefits of the Disposals as mentioned above; (ii) the Remaining Group Pledged Assets account for only a small part of the development projects of the Remaining Group; (iii) the continuous development of other parts of the development projects of the Remaining Group will not be affected by the Remaining Group Pledged Assets; (iv) the Disposals are expected to generate a disposal gain of approximately HK$1.16 billion as mentioned above; and (v) even if the book values of the Remaining Group Pledged Assets and the net amount of the Outstanding Intercompany Balances are taken into account, the gain on disposal would still be approximately HK$738.58 million.

8.6 Compliance with Rule 13.24 of the Listing Rules

Upon Completion, the Remaining Group will continue to carry out its business of 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. The Remaining Group will continue to develop other projects, in particular the Yinchuan Project and the Qinhuangdao Project. Details of the Yinchuan Project and the Qinhuangdao Project, including the project details, development status and the development plan are set out in the sub-sections headed "5.1 The Yinchuan Project" and "5.2 The Qinhuangdao Project" of this circular.

Continuity of development of the Yinchuan Project and the Qinhuangdao Project

The Group has been developing its property projects, mainly the Changsha Outlets Project, the Yinchuan Project and the Qinhuangdao Project. The Yinchuan Project and the Qinhuangdao Projects have been and will continue to be two key property development projects of the Remaining Group. The total planned GFA of each of the Changsha Outlets Project, the Yinchuan Project and the Qinhuangdao Project as at 4 March 2022 is set out below:

Project	Total GFA	GFA sold and delivered	GFA to be delivered together with GFA held for own use
	(sq.m.)	*(sq.m.)*	*(sq.m.)*
Changsha Outlets Project	1,270,263.60	130,387.02 *(Note)*	1,139,876.58
Yinchuan Project	320,397.28	112,912.18	207,485.10
Qinhuangdao Project	502,568.52	Nil	502,568.52
Total	2,093,229.40	243,299.20	1,849,930.20

Note: Including the nine-year school which will be handed over to the government

As set out in the table above, the Yinchuan Project and the Qinhuangdao project have a total planned GFA of 822,965.80 sq.m., representing approximately 39% of the total planned GFA of the three existing property development projects of the Group. In terms of GFA not yet delivered and GFA held for own use (such as outlets, shopping malls and exhibition centre), the Yinchuan Project and the Qinhuangdao Project have an aggregate GFA of 710,053.62 sq.m. as at 30 September 2021, representing 38% of the total planned GFA of the three existing property development projects of the Group. It is anticipated that the revenue to be generate from the Yinchuan Project and the Qinhuangdao Project, including revenue from sales of properties, rental income and property management income, will continue to increase following the development progress of the two projects.

Development plan of the Yinchuan Project and the Qinhuangdao Project and sufficient operations

Details of the development status and the development plan of the Yinchuan Project and the Qinhuangdao Project are set out in the sub-sections headed "5.1 The Yinchuan Project" and "5.2 The Qinhuangdao Project" of this circular. Key highlights are set out below:

Yinchuan Project:

– The commercial properties with a GFA of 90,005.28 sq.m. (including the pledged properties with a GFA of 44,921 sq.m.) have been completed. Among the unpledged portion, portion with a total GFA of approximately 15,655.05 sq.m. was sold to various independent third parties, and the remaining unsold portion was retained by the Group.

– As at 4 March 2022, approximately 80.67% of total GFA of the commercial properties of the Yinchuan Project owned by the Group were leased to tenants.

– Phase 1 of the residential portion with a GFA of 33,672.00 sq.m. has been completed; and majority of which has been sold and delivered.

– Main part of the construction work of phase 2, including the two blocks of residential properties under pledge, has been completed.

– Pre-sales permit of phase 2 of the residential portion was obtained, and the pre-sales of the whole phase 2 (including the two pledged residential buildings and related shops) is expected to be completed during the year ending 31 March 2026 after the release of pledge.

– Phase 3 of the residential portion with a GFA of 150,932.00 sq.m. is completed.

– The Group has completed the sales of approximately 96% of total GFA of the phase 3 residential properties, representing a total of 756 units out of a total of 784 units up to 4 March 2022. As at 4 March 2022, the Group has completed the delivery of 544 units pre-sold units of phase 3 residential properties and it is expected that the remaining 212 pre-sold units will be delivered in the next six months. It is anticipated that the remaining approximately 4% (in terms of GFA) of the residential properties of phase 3 of the residential portion of the Yinchuan Project will be sold and delivered by 31 March 2023.

Qinhuangdao Project:

– Residential portion of phase 1 has been under pre-sales with a GFA of 4,775 sq.m. pre-sold as at 4 March 2022.

– Pre-sales of majority portion of the remaining residential portion of phase 1 with a total GFA of 52,803 sq.m. is expected to be completed by the year ending 31 March 2026.

– Phase 1 commercial properties, which represents a shopping mall, a hotel and an exhibition centre with a total GFA of 68,563 sq. m., will be completed in stages by the year ending 31 March 2026. The Remaining Group expects to begin the leasing of the shopping mall and operation of the hotel starting from the year ending 31 March 2027 upon completion of construction.

– Phase 2 (which includes only residential portion with a total GFA of 248,529.5 sq.m.) construction is expected to commence in November 2022, and completion of construction is expected by the year ending 31 March 2026. The Remaining Group is planning to commence pre-sales of the phase 2 residential properties in January 2023. It is expected that sales of majority portion of the phase 2 residential properties will be completed by the year ending 31 March 2026.

– Phase 3 (which includes only commercial portion being the health and wellness centre with a total GFA of 127,898 sq.m.) construction is expected to commence in February 2024, and completion of construction is expected by the year ending 31 March 2026. The Remaining Group expects to begin the operation of the health and wellness centre starting from the year ending 31 March 2027 upon completion of construction.

Significant level of assets of the property development projects

For the purpose of financial reporting for the six months ended 30 September 2021, the Board has obtained an independent valuation from an independent valuer on each of the Yinchuan Project and the Qinhuangdao Project as at 30 September 2021. The valuation of the properties held under the Yinchuan Project and the Qinhuangdao Project as at 30 September 2021 were approximately RMB878.84 million and RMB1.51 billion respectively.

Pro-forma financial information of the Remaining Group

Based on the unaudited pro-forma financial information of the Remaining Group as contained in Appendix III to this circular, the unaudited proforma consolidated total assets and net assets of the Remaining Group would be approximately HK$2,867.82 million and HK$594.25 million respectively as at 30 September 2021 as if the Disposals had been completed on 30 September 2021 and before accounting for the loss that may arise in relation to the Remaining Group Pledged Assets and the outstanding Intercompany Balances.

Based on the above, the Directors consider that the Remaining Group will have sufficient level of operations and assets of sufficient value as required under Rule 13.24 of the Listing Rules.

8.7 The Company's view

Accordingly, having considered the above factors, including, among other things, (i) the poor operating performance of the Target Group and the significant losses incurred by the Target Group; (ii) the net liabilities position of the Target Group; (iii) the significant amount of loans and borrowings, including the Default Loans, of the Target Group and finance costs incurred; (iv) the improvement in financial position and borrowing ability for continuous development of the property projects of the Remaining Group; (v) the potential gain on disposal as a result of the Disposals; and (vi) that the Remaining Group will have sufficient level of operations and assets of sufficient value as required under Rule 13.24 of the Listing Rules upon Completion, the Directors consider that the terms of the Disposals are fair and reasonable, and the Disposals are in the interests of the Company and the Shareholders as a whole.

9. LISTING RULES IMPLICATION

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposals exceeds 75%, the Disposals constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

10. THE SGM

A SGM will be convened for the purpose of considering and, if thought fit, approving the Disposals. A notice convening the SGM to be held at Unit 1504, 15/F, Tower 2, Metroplaza, No. 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong on Friday, 1 April 2022 at 11:00 a.m. or any adjournment is set out on pages SGM-1 to SGM-4 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof.

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, none of the Shareholders has a material interest in the Disposals and therefore, no Shareholder will be required to abstain from voting on the resolution(s) to be proposed at the SGM to approve the Equity Transfer Agreements and the transactions contemplated thereunder.

11. RECOMMENDATION

The Directors consider that that the terms of the Disposals are fair and reasonable, and that the Disposals are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution(s) in relation to the Disposals to be proposed at the SGM.

12. ADDITIONAL INFORMATION

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

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

FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the each of the three years ended 31 March 2019, 2020 and 2021 and for the six months ended 30 September 2021 were in the annual reports of the Company for the year ended 31 March 2019 (pages 102 to 243), for the year ended 31 March 2020 (pages 85 to 215) and for the year ended 31 March 2021 (pages 92 to 215), and interim report of the Company for the six months ended 30 September 2021 (pages 23 to 52) respectively, which were published on the Stock Exchange website (http://www.hkexnews.hk) and the Company's website (www.richlyfieldchinagroup.com).

INDEBTEDNESS STATEMENT

As at the close of business on 31 January 2022, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this circular, the Group had outstanding indebtedness as follows:

Borrowings

The Group had (1) unsecured and unguaranteed bearing-interest related parties borrowings and bank and other borrowings of approximately HK$317.0 million and approximately HK$57.1 million, respectively; (2) secured and guaranteed related parties borrowings and bank and other borrowings of approximately HK$278.2 million and approximately HK$1,610.4 million, respectively; (3) unsecured and guaranteed bearing-interest bank and other borrowings of approximately HK$12.0 million; and (4) secured and unguaranteed bearing-interest related party borrowings of approximately HK$362.2 million. The Group's secured borrowings were secured by certain properties under development and investment properties of the Group.

Lease liabilities

As at 31 January 2022, the Group had lease liabilities of approximately HK$1,338,000.

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 31 January 2022, the Group did not have any other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

WORKING CAPITAL

In determining the sufficiency of the working capital of the Group, the Directors have made the assumption that the Group can extend the entrusted loan facilities of approximately RMB301.80 million (equivalent to approximately HK$362.16 million) for at least 1 year upon their maturity and the company owned by the Controlling Shareholder can provide additional funding to the Group under the existing loan facility of RMB2,000 million. As at the Latest Practicable Date, the existing borrowing facilities had yet to be due. The Directors are of the opinion that the Group will be able to renew their existing facilities when they fall due in the next twelve months since they have confirmed the intention with the relevant parties providing the facilities.

After the consideration of the above assumptions, the Directors are of the opinion that, after taking into account its existing cash and bank balances, the abovementioned loan and banking facilities and other internal resources available and also the effect of the Disposals, the Group will have sufficient working capital for its present requirements and for at least twelve months from the date of publication of this circular. Should the abovementioned borrowings or the additional financing from the Controlling Shareholder be excluded from the working capital forecasts, the Group will not have sufficient working capital for the Group's present requirements for at least the next twelve months from the date of the circular.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position or prospects of the Group since 31 March 2021, the date to which the latest published audited financial statements of the Group were made up.

FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

Under the macro environment, the real estate industry is in the teeth of a storm. Even during the peak of the COVID-19 pandemic, the principle that housing is not for speculation remained unshakable, and the overall regulation of the real estate market remained tight on the basis of ensuring stable economic growth. Overall, housing prices will stabilise rather than rise or fall sharply. The prosperity of the booming era has disappeared. When determining the product positioning of its projects, the Group realised that standalone and traditional real estate products have weak risk resistance capacity and could not adapt to the complex and volatile market environment. As such, the Group carefully created diversified product portfolios including "residential + commercial", "residential + elderly care" and "residential + cultural tourism" products with its own characteristics.

The Qinhuangdao Project of the Remaining Group covers an area of approximately 1,077 mu and is located in the core area of the International Health City in Beidaihe New District, Qinhuangdao. It is a large coastal shopping, tourism and healthcare resort complex dominated by outlets business and integrating high-end hot spring resort hotels, high-end hospitals, health preservation and elderly care, cultural and entertainment activities, and recreational resorts. Given its special national conditions, China's population aging problem is increasingly serious, driving up the demand for elderly care and healthcare services. The government has issued a series of favourable policies to promote the development of medical and elderly care services. According to the Guiding Opinions on Promoting the Integration of Medical and Elderly Care Services issued by the State Council in November 2015, China plans to establish an integrated medical and elderly care system with policies and regulations in line with its national conditions to realise resource sharing for and coordinated development of medical and elderly care services, so as to meet the demand for healthcare and elderly services.

In addition, in July 2016, the Ministry of Civil Affairs of the People's Republic of China announced the "13th Five-Year Plan for the Development of Civil Affairs", one of the priorities of which is to promote the integration of medical and elderly care services, including developing elderly care institutions integrating medical and elderly care services. Nowadays, the elderly care industry needs to meet the various needs of the elderly, particularly their health needs. However, elderly care and medical services are completely separated in the real world. General nursing homes only provide basic care services rather than professional medical services, while professional hospitals cannot provide targeted health services for the elderly, resulting in the phenomenon of "treating diseases without elderly care". The integration of medical care and elderly care proposed in the 13th Five-year Plan of the Ministry of Civil Affairs will enable resource sharing for medical and elderly care services.

In October 2016, the State Council officially issued the Outline of the Healthy China 2030 Plan which emphasises the "medical and elderly care integration" model, marking China's entry into the practical era of elderly care. On 29 June 2017, the State Council issued the Several Opinions on Accelerating the Development of Commercial Pension Insurance, where it is proposed to promote the healthy development of the elderly care service industry. In another relevant report, the state put forward the requirements of "actively coping with the aging population, building a policy system and a social environment for elderly care, filial piety and respect for the elderly, promoting the integration of medical and elderly care services, and accelerating the development of old-age programmes and industries". Accordingly, the Group believes that with the support of relevant policies, the integration of medical and elderly care services has promising prospects, and the Qinhuangdao Project riding on this momentum will achieve great results.

Set out below are the unaudited combined financial information of Target Group which comprises the unaudited combined statements of financial position of the Target Group as at 31 March 2019, 2020 and 2021 and 30 September 2021 and the unaudited combined statements of profit or loss and other comprehensive income, unaudited combined statements of changes in equity and unaudited combined statements of cash flows of the Target Group for each of the periods then ended and certain explanatory notes ("**Unaudited Combined Financial Information**").

The Unaudited Combined Financial Information has been prepared and presented on the basis as set out in note 2 to the Unaudited Combined Financial Information and Rule 14.68(2)(a)(i)(A) of the Listing Rules and has been reviewed by the reporting accountants of the Target Group, SHINEWING.

Because of the significance of the uncertainties on going concern assumption, the reporting accountants of the Target Group do not express a conclusion on the Unaudited Combined Financial Information.

UNAUDITED COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE YEARS ENDED 31 MARCH 2019, 2020 AND 2021 AND SIX MONTHS ENDED 30 SEPTEMBER 2021

	Year ended 31 March			Six months ended 30 September	
	2019	**2020**	**2021**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	278,946	33,615	31,982	11,502	9,914
Cost of sales	(306,016)	(14,423)	(19,778)	(6,148)	(7,525)
Gross (loss) profit	(27,070)	19,192	12,204	5,354	2,389
Gain (loss) on revaluation of investment properties	41,191	(143,184)	(128,463)	(41,078)	(13,943)
Other income and gain	215	231	1,321	637	2,656
Selling expenses	(7,382)	(4,092)	(11,097)	(7,085)	(496)
Administrative expenses	(44,129)	(28,351)	(38,196)	(11,110)	(18,156)
Finance costs	(103,841)	(95,849)	(229,206)	(85,073)	(102,331)
Loss before tax	(141,016)	(252,053)	(393,437)	(138,355)	(129,881)
Income tax (expense) credit	(10,298)	30,526	2,719	2,627	3,217
Loss for the year/period	(151,314)	(221,527)	(390,718)	(135,728)	(126,664)
Other comprehensive income (expense)					
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations	20,832	29,527	(60,788)	(24,922)	(17,256)
Total comprehensive expenses for the year/period	(130,482)	(192,000)	(451,506)	(160,650)	(143,920)

UNAUDITED COMBINED STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019, 2020 AND 2021 AND 30 SEPTEMBER 2021

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Property, plant and equipment	28,647	24,870	24,738	24,076
Investment properties	953,624	758,817	686,847	682,731
Right-of-use assets	–	148,618	156,636	156,858
Prepaid land lease payments	216,584	–	–	–
	1,198,855	932,305	868,221	863,665
Current assets				
Properties under development	910,780	1,351,444	1,609,838	1,715,941
Completed properties held for sale	98,556	86,858	92,216	93,549
Trade receivables	14,409	8,737	4,602	13,192
Prepayments, deposits and other receivables	22,691	44,217	48,212	50,544
Amounts due from remaining group entities	752,444	745,753	728,211	719,818
Cash and cash equivalents	60,792	12,328	17,309	14,575
	1,859,672	2,249,337	2,500,388	2,607,619
Current liabilities				
Trade payables	344,982	535,158	682,071	706,877
Other payables and accruals	172,192	236,726	466,708	575,893
Contract liabilities	73,554	322,522	450,332	495,880
Amounts due to related companies	65,929	34,871	7,744	380,475
Amounts due to remaining group entities	936,655	817,294	860,472	846,886
Interest-bearing bank and other borrowings	1,157,406	286,266	1,447,640	1,468,562
Provisions	6,745	6,332	6,846	12,996
Tax payables	20,647	19,380	19,440	19,721
	2,778,110	2,258,549	3,941,253	4,507,290
Net current liabilities	(918,438)	(9,212)	(1,440,865)	(1,899,671)
Total assets less current liabilities	280,417	923,093	(572,644)	(1,036,006)

	As at 31 March			As at 30 September
	2019	2020	2021	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current liabilities				
Interest-bearing bank and other borrowings	279,792	1,052,854	–	–
Amounts due to related parties	331,733	425,199	436,196	119,948
Deferred tax liabilities	37,420	5,568	3,194	–
	648,945	1,483,621	439,390	119,948
Net liabilities	(368,528)	(560,528)	(1,012,034)	(1,155,954)
Equity				
Paid-up capital	719,619	719,619	719,619	719,619
Reserves	(1,088,147)	(1,280,147)	(1,731,653)	(1,875,573)
Deficiency in Equity	(368,528)	(560,528)	(1,012,034)	(1,155,954)

UNAUDITED COMBINED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE YEARS ENDED 31 MARCH 2019, 2020 AND 2021 AND THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Issued capital	Exchange translation reserve	Statutory reserve funds	Other reserve	Accumulated losses	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2018	719,619	26,472	12,246	121,994	(1,118,377)	(238,046)
Loss for the year	–	–	–	–	(151,314)	(151,314)
Other comprehensive income						
Exchange differences on translation of foreign operations	–	20,832	–	–	–	20,832
Total comprehensive income (expense) for the year	–	20,832	–	–	(151,314)	(130,482)
At 31 March 2019	719,619	47,304	12,246	121,994	(1,269,691)	(368,528)
At 1 April 2019	719,619	47,304	12,246	121,994	(1,269,691)	(368,528)
Loss for the year	–	–	–	–	(221,527)	(221,527)
Other comprehensive income						
Exchange differences on translation of foreign operations	–	29,527	–	–	–	29,527
Total comprehensive income (expense) for the year	–	29,527	–	–	(221,527)	(192,000)
At 31 March 2020	719,619	76,831	12,246	121,994	(1,491,218)	(560,528)
At 1 April 2020	719,619	76,831	12,246	121,994	(1,491,218)	(560,528)
Loss for the year	–	–	–	–	(390,718)	(390,718)
Other comprehensive expense						
Exchange differences on translation of foreign operations	–	(60,788)	–	–	–	(60,788)
Total comprehensive expense for the year	–	(60,788)	–	–	(390,718)	(451,506)
At 31 March 2021	719,619	16,043	12,246	121,994	(1,881,936)	(1,012,034)

	Issued capital	Exchange translation reserve	Statutory reserve funds	Other reserve	Accumulated losses	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2021	719,619	16,043	12,246	121,994	(1,881,936)	(1,012,034)
Loss for the period	–	–	–	–	(126,664)	(126,664)
Other comprehensive expense						
Exchange differences on translation of foreign operations	–	(17,256)	–	–	–	(17,256)
Total comprehensive expense for the period	–	(17,256)	–	–	(126,664)	(143,920)
At 30 September 2021	719,619	(1,213)	12,246	121,994	(2,008,600)	(1,155,954)
At 1 April 2020	719,619	76,831	12,246	121,994	(1,491,218)	(560,528)
Loss for the period	–	–	–	–	(135,728)	(135,728)
Other comprehensive expense						
Exchange differences on translation of foreign operations	–	(24,922)	–	–	–	(24,922)
Total comprehensive expense for the period	–	(24,922)	–	–	(135,728)	(160,650)
At 30 September 2020	719,619	51,909	12,246	121,994	(1,626,946)	(721,178)

UNAUDITED COMBINED STATEMENTS OF CASH FLOWS

FOR THE THREE YEARS ENDED 31 MARCH 2019, 2020 AND 2021 AND SIX MONTHS ENDED 30 SEPTEMBER 2021

	Year ended 31 March			Six months ended 30 September	
	2019	**2020**	**2021**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
OPERATING ACTIVITIES					
Loss before tax	(141,016)	(252,053)	(393,437)	(138,355)	(129,881)
Adjustments for:					
Bank interest income	(23)	(46)	(28)	(28)	(15)
Finance cost	103,841	95,849	229,206	85,073	102,331
Loss on disposal of property. plant and equipment	–	58	111	–	–
Depreciation of plant and equipment	2,447	2,074	1,998	984	1,016
Depreciation of right-of-use assets	–	3,846	3,875	1,557	2,028
(Gain) loss on revaluation of investment properties	(41,191)	143,184	128,463	41,078	13,943
Amortisation of prepaid land lease payments	4,107	–	–	–	–
Operating cash flows before movements in working capital	(71,835)	(7,088)	(29,812)	(9,691)	(10,578)
(Increase) decrease in trade receivables	(2,522)	4,964	4,676	4,572	(8,461)
Decrease (increase) in properties under development and completed properties held for sales	182,247	(390,981)	(136,503)	(22,793)	(42,008)
Decrease (increase) in prepayments, deposits and other receivables	502,336	(23,572)	(250)	(18,930)	(1,618)
Increase (decrease) in trade payables	59,094	217,091	97,590	(1,165)	14,769
Increase (decrease) in other payables and accruals	5,894	43,546	(21,968)	(18,601)	(40,733)
Increase in provision	–	–	–	–	6,008
(Decrease) increase in contract liabilities	(216,944)	261,080	96,493	87,628	38,711
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	458,270	105,040	10,226	21,020	(43,910)

	Year ended 31 March			Six months ended 30 September	
	2019	2020	2021	2020	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
INVESTING ACTIVITIES					
Construction costs for investment properties	(16,378)	(2,254)	–	–	–
(Advanced to) repayment from remaining group entities	(340,288)	(39,124)	77,268	44,855	18,857
Purchases of items of property, plant and equipment	(527)	(42)	(43)	(20)	(5)
Bank interest received	23	46	28	28	15
NET CASH (USED IN)/FROM INVESTMENT ACTIVITIES	(357,170)	(41,374)	77,253	44,863	18,867
FINANCING ACTIVITIES					
Advance from related parties	341,567	126,540	236,961	–	48,004
Proceeds from new bank and other borrowings	12,069	11,302	–	–	–
Repayment to related parties	(507,390)	(69,597)	(285,952)	(47,487)	–
Advanced from (repayment to) remaining group entities	268,030	(65,725)	(24,806)	(10,271)	(25,924)
Interest paid	(146,756)	(88,010)	(5,760)	–	–
Repayment of bank and other borrowings	(14,483)	(21,813)	–	–	–
NET CASH USED IN/(FROM) FINANCING ACTIVITIES	(46,963)	(107,303)	(79,557)	(57,758)	22,080
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	54,137	(43,637)	7,922	8,125	(2,963)
Cash and cash equivalents at beginning of year/period	9,736	60,792	12,328	12,328	17,309
Effect of foreign exchange rate changes, net	(3,081)	(4,827)	(2,941)	(1,654)	229
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD, represented by bank balance and cash	60,792	12,328	17,309	18,799	14,575

NOTES TO THE UNAUDITED COMBINED FINANCIAL INFORMATION

1. GENERAL INFORMATION

湖南裕田奧特萊斯置業有限公司 (Hunan Richly Field Outlets Real Estate Limited*) ("**Target Company 1**"), 長沙裕田奧特萊斯企業管理有限公司 (Changsha Yutian Outlets Business Administration Co., Ltd*) ("**Target Company 2**") and 長沙裕田奧萊物業管理有限公司 (Changsha Yutian Outlets Property Management Co Ltd*) ("**Target Company 3**", together with Target Company 1 and Company 2, referred to as "**Target Group**"), private limited companies established in the People' s Republic of China (the "**PRC**") on 2 March 2009, 24 November 2010 and 20 April 2011 respectively. Up to the date of this report, they are indirect wholly owned subsidiaries of the Company.

2. BASIS OF PRESENTATION AND PREPARATION OF THE UNAUDITED COMBINED FINANCIAL INFORMATION

The Target Group had not been a separate legal group for the three years ended 31 March 2019, 2020, 2021 and six months ended 30 September 2021 (the "**Relevant Periods**"). The Unaudited Combined Financial Information is prepared on basis that combines the results, assets and liabilities of the Target Group using their carrying values by applying the principles below throughout the Relevant Periods.

The following summarises the principles applied in preparing the Unaudited Combined Financial Information:

– Transactions and balances within the Target Group have been eliminated.

– Paid-up capital at 31 March 2019, 2020, 2021 and 30 September 2021 represented combined paid-up capital of Target Company 1, Target Company 2 and Target Company 3.

The Unaudited Combined Financial Information of the Target Group has been prepared solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Disposals of the entire equity interests in the Target Group in accordance with 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

* *For identification only*

The Unaudited Combined Financial Information of the Target Group comprising the unaudited combined statements of financial position of the Target Group as at 31 March 2019, 2020, 2021 and 30 September 2021, and the unaudited combined statements of profit or loss and other comprehensive income, the unaudited combined statements of changes in equity and the unaudited combined statements of cash flows for the three years ended 31 March 2019, 2020, 2021 and 30 September 2021, and explanatory notes, has been prepared in accordance with the accounting policies adopted by the Company and its subsidiaries in the preparation of the consolidated financial statements of the Company for the years ended 31 March 2019, 2020 and 2021 and for the six months ended 30 September 2021, for respective years and periods, which conform with the respective prevailing Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The Unaudited Combined Financial Information has been prepared under the historical cost convention except for investment properties that are measured at fair value, and is presented in HK$. All values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

The Unaudited Combined Financial Information has been prepared assuming that the Target Group will be able to continue as a going concern, the validity of which is dependent on *inter alia* (i) the successful extension of the repayment dates of the bank and other borrowings to no earlier than 30 September 2022; (ii) the continuing financial support from the Purchaser upon completion of the Disposal; (iii) acceleration of the sales and pre-sales proceeds of the property project. Should the Target Group fail to achieve the above mentioned plans and measures, it might not be able to continue as a going concern, and adjustments would have to be made to write down the carrying values of the Target Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in the Unaudited Combined Financial Information.

In addition, the Unaudited Combined Financial Information of the Target Group does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is a summary of the illustrative unaudited pro forma consolidated statement of financial position as at 30 September 2021, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2021 of the Group excluding the Target Group (hereinafter referred to as the "**Remaining Group**") (the "**Unaudited Pro Forma Financial Information**") which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Disposals as if the Disposals had been completed on 30 September 2021 for the unaudited pro forma consolidated statement of financial position, and on 1 April 2020 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2021 as extracted from the published interim report of the Group for the six months ended 30 September 2021 after making pro forma adjustments relating to the Disposals that are factually supportable and directly attributable to the Disposals as set out below.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2021 as extracted from the published annual report of the Group for the year ended 31 March 2021 after making pro forma adjustments relating to the Disposals that are factually supportable and directly attributable to the Disposals as set out below.

The unaudited pro forma financial information has been prepared by the directors of the Company in accordance with paragraph 4.29 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group as at 30 September 2021 or at any future date, or the financial performance and cash flows of the Remaining Group for the year ended 31 March 2021 or for any future period.

The unaudited pro forma financial Information should be read in conjunction with the historical financial information of the Group as set out in the published interim report of the Group for the six months ended 30 September 2021 and the published annual report of the Group for the year ended 31 March 2021 and other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE REMAINING GROUP

As at 30 September 2021

	The Group	Pro forma adjustments	Subtotal	Pro forma adjustments		The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 3, 4a*		*Note 6*	*Note 7*	
Non-current assets						
Property, plant and equipment	25,644	(24,076)	1,568	–	–	1,568
Investment properties	1,336,500	(682,731)	653,769	(182,061)	–	471,708
Right-of-uses assets	576,800	(156,858)	419,942	–	–	419,942
Interests in associates	9,382	–	9,382	–	–	9,382
Financial assets designated at fair value through other comprehensive income ("**FVTOCI**")	2,724	–	2,724	–	–	2,724
Deferred tax assets	120,108	–	120,108	–	–	120,108
	2,071,158	(863,665)	1,207,493	(182,061)	–	1,025,432
Current assets						
Properties under development	2,945,440	(1,715,941)	1,229,499	(108,251)	–	1,121,248
Completed properties held for sale	98,549	(93,549)	5,000	–	–	5,000
Trade receivables	15,984	(13,192)	2,792	–	–	2,792
Prepayments, deposits, and other receivables	309,056	(50,544)	258,512	–	–	258,512
Amounts due from remaining group entities	–	127,068	127,068	–	(127,068)	–
Cash and cash equivalents	52,034	(14,575)	37,459	–	–	37,459
	3,421,063	(1,760,733)	1,660,330	(108,251)	(127,068)	1,425,011

	The Group	Pro forma adjustments	Subtotal	Pro forma adjustments		The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 3, 4a*		*Note 6*	*Note 7*	
Current liabilities						
Trade payables	1,182,091	(706,877)	475,214	–	–	475,214
Other payables and accruals	1,104,401	(575,893)	528,508	–	–	528,508
Contract liabilities	1,128,852	(495,880)	632,972	–	–	632,972
Amounts due to related parties	770,814	(380,475)	390,339	–	–	390,339
Interest-bearing bank and other borrowings	1,486,706	(1,468,562)	18,144	–	–	18,144
Provisions	12,996	(12,996)	–	–	–	–
Lease liabilities	322	–	322	–	–	322
Tax payable	133,584	(19,721)	113,863	–	–	113,863
	5,819,766	(3,660,404)	2,159,362	–	–	2,159,362
Net current liabilities	(2,398,703)	1,899,671	(499,032)	(108,251)	(127,068)	(734,351)
Total assets less current liabilities	(327,545)	1,036,006	708,461	(290,312)	(127,068)	291,081
Non-current liabilities						
Deferred income	66,928	–	66,928	–	–	66,928
Amounts due to related parties	119,948	(119,948)	–	–	–	–
Lease liabilities	384	–	384	–	–	384
Deferred tax liabilities	46,896	–	46,896	–	–	46,896
	234,156	(119,948)	114,208	–	–	114,208
Net assets (liabilities)	(561,701)	1,155,954	594,253	(290,312)	(127,068)	176,873
Capital and reserves						
Share capital	1,166,834	–	1,166,834	–	–	1,166,834
Reserves	(1,728,535)	1,155,954	(572,581)	(290,312)	(127,068)	(989,961)
Total equity (capital deficiency)	(561,701)	1,155,954	594,253	(290,312)	(127,068)	176,873

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE REMAINING GROUP

For the year ended 31 March 2021

	The Group	Pro forma adjustments		Subtotal	Pro forma adjustments		The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 2	*Note 6*	*Note 4b*		*Note 6*	*Note 7*	
Revenue	41,168	(31,982)	–	9,186	–	–	9,186
Cost of sales	(30,456)	19,778	–	(10,678)	–	–	(10,678)
Gross Profit	10,712	(12,204)	–	(1,492)	–	–	(1,492)
Loss on revaluation of investment properties	(89,481)	128,463	–	38,982	–	–	38,982
Other income, gain and loss	1,880	(1,321)	–	559	–	–	559
Gain on disposal of subsidiaries	–	–	483,697	483,697	(276,603)	(71,541)	135,553
Selling expenses	(20,885)	11,097	–	(9,788)	–	–	(9,788)
Administrative expenses	(74,974)	38,196	–	(36,778)	–	–	(36,778)
Finance costs	(259,995)	229,206	–	(30,789)	–	–	(30,789)
(Loss) Profit before tax	(432,743)	393,437	483,697	444,391	(276,603)	(71,541)	96,247
Income tax credit	17,061	(2,719)	–	14,342	–	–	14,342
(Loss) Profit for the year	(415,682)	390,718	483,697	458,733	(276,603)	(71,541)	110,589
Other comprehensive expense							
Items that may be reclassified subsequently to profit or loss:							
Exchange difference arising on translating foreign operations	(46,982)	60,788	–	13,806	–	–	13,806
Release of exchange difference upon disposal of subsidiaries	–	–	76,831	76,831	–	–	76,831
Total comprehensive expense for the year	(462,664)	451,506	560,528	549,370	(276,603)	(71,541)	201,226

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE REMAINING GROUP

For the year ended 31 March 2021

	The Group	Pro forma adjustments		Subtotal	Pro forma adjustments		The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 2	*Note 5*	*Note 4b*		*Note 6*	*Note 7*	
OPERATING ACTIVITIES							
(Loss) Profit before tax	(432,743)	393,437	483,697	444,391	(276,603)	(71,541)	96,247
Adjustments for:							
Bank interest income	(139)	28	–	(111)	–	–	(111)
Finance costs	259,995	(229,206)	–	30,789	–	–	30,789
Loss on disposal of property, plant and equipment	193	(111)	–	82	–	–	82
Loss (Gain) on disposal of subsidiaries	–	–	(483,697)	(483,697)	276,603	71,541	(135,553)
Depreciation of property, plant and equipment	4,779	(1,998)	–	2,781	–	–	2,781
Depreciation of right-of-use assets	18,128	(3,875)	–	14,253	–	–	14,253
Loss on revaluation of investment properties	89,481	(128,463)	–	(38,982)	–	–	(38,982)
Operating cash flows before movements in working capital	(60,306)	29,812	–	(30,494)	–	–	(30,494)
Decrease in trade receivables	1,618	(4,676)	–	(3,058)	–	–	(3,058)
Increase in properties under development and completed properties held for sales	(266,041)	136,503	–	(129,538)	–	–	(129,538)
Increase in prepayments, deposits and other receivables	(58,184)	250	–	(57,934)	–	–	(57,934)
Increase in trade payables	14,277	(97,590)	–	(83,313)	–	–	(83,313)
(Decrease) increase in other payables and accruals	(18,051)	21,968	–	3,917	–	–	3,917
Increase in contract liabilities	465,981	(96,493)	–	369,488	–	–	369,488
NET CASH FROM OPERATING ACTIVITIES	79,294	(10,226)	–	69,068	–	–	69,068

	The Group	Pro forma adjustments		Subtotal	Pro forma adjustments		The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 2	*Note 5*	*Note 4b*		*Note 6*	*Note 7*	
INVESTING ACTIVITIES							
Construction costs for investment properties	(1,594)	–	–	(1,594)	–	–	(1,594)
Repayment from an associate	10,137	–	–	10,137	–	–	10,137
Repayment from remaining group entities	–	24,806	–	24,806	–	–	24,806
Advance to a related party	(389)	–	–	(389)	–	–	(389)
Purchases of items of property, plant and equipment	(1,496)	43	–	(1,453)	–	–	(1,453)
Bank interest received	139	(28)	–	111	–	–	111
NET CASH FROM INVESTING ACTIVITIES	6,797	24,821	–	31,618	–	–	31,618
FINANCING ACTIVITIES							
Advance from related parties	237,790	(236,961)	–	829	–	–	829
Proceeds from new bank and other borrowings	2,278	–	–	2,278	–	–	2,278
Advanced to remaining group entities	–	(77,268)	–	(77,268)	–	–	(77,268)
Repayment to related parties	(285,952)	285,952	–	–	–	–	–
Interest paid	(5,982)	5,760	–	(222)	–	–	(222)
Repayment of bank and other borrowings	(5,136)	–	–	(5,136)	–	–	(5,136)
Repayment for principal elements of lease liabilities	(2,140)	–	–	(2,140)	–	–	(2,140)
NET CASH USED IN FINANCING ACTIVITIES	(59,142)	(22,517)	–	(81,659)	–	–	(81,659)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	26,949	(7,922)	–	19,027	–	–	19,027
Cash and cash equivalents at beginning of year	27,107	(12,328)	–	14,779	–	–	14,779
Effect of foreign exchange rate changes, net	3,246	2,941	–	6,187	–	–	6,187
CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by bank balances and cash	57,302	(17,309)	–	39,993	–	–	39,993

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Notes:

(1) The amounts are extracted from the unaudited condensed consolidated financial position of the Group as at 30 September 2021 as set out in the interim report of the Group for the six months ended 30 September 2021, which is referred to in section 1 of Appendix I to this circular.

(2) The amounts are extracted from the audited consolidated profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2021 as set out in the annual report of the Group for the year ended 31 March 2021, which is referred to in section 1 of Appendix I to this circular.

(3) These adjustments represent the exclusion of assets and liabilities of the Target Group as at 30 September 2021 assuming the Disposals was completed on 30 September 2021. The amounts have been extracted from the unaudited financial information of the Target Group as at 30 September 2021 as set forth in Appendix II to this Circular.

(4) Pro forma gain on the Disposals.

(a) As if the Disposals was completed on 30 September 2021:

	HK$'000
Cash consideration *(Note i)*	–
Less: Deficiency in assets of the Target Group as at 30 September 2021 *(Note ii)*	(1,155,954)
Gain on the Disposals	1,155,954

(b) As if the Disposals was completed on 1 April 2020:

	HK$'000
Cash consideration *(Note i)*	–
Less: Deficiency in assets of the Target Group as at 1 April 2020 *(Note iv)*	(560,528)
Cumulative exchange differences in respect of the net liabilities of the Target Group reclassified from equity to profit or loss on loss of control of the Target Group	76,831
Gain on Disposals	483,697
Gain on the Disposals after taxation attributable to:	
Owners of the Company	483,697

Notes:

(i) In the opinion of the directors of the Company, the estimated direct transaction expenses is insignificant.

(ii) The deficiency in assets of the Target Group as at 30 September 2021 are extracted from the unaudited combined financial information of the Target Group as set out in Appendix II to this circular.

(iii) In the opinion of the directors of the Company, no tax exposure from the Disposal.

(iv) The deficiency in assets of the Target Group as at 1 April 2020 are extracted from the unaudited combined financial information of the Target Group as set out in Appendix II to this circular.

Upon completion of the disposal, in the opinion of the directors, the Target Group will be able to repay its loans secured by the assets of the Remaining Group and to repay the net amounts due to the Remaining Group (as further set out in note 6 and 7 respectively). As such, no loss in such respect had been included in the computation of gain on disposal.

(5) These adjustments represent the exclusion of the results and cash flows of the Target Group for the year ended 31 March 2021 assuming the Disposals was completed on 1 April 2020. The amounts have been extracted from the unaudited combined financial information of the Target Group for the year ended 31 March 2021 as set forth in Appendix II to this circular.

(6) Certain of the loans of the Target Group were secured by certain of the Remaining Group's property interests. Upon completion of the Disposal, those properties will continue to be pledged against the loans. The adjustment represented the loss so arising when the pledged assets were forfeited by the financial institutions providing the loans to the Target Group should the Target Group fail to repay the loans.

(7) Upon completion of the Disposal, the amounts due by the Target Group to the Remaining Group will be settled on a net basis. The adjustment represented the full expected credit loss made on the net amount receivable from the Target Group.

(8) No adjustments have been made to adjust any trading results or other transactions of the Group or the Remaining Group entered into subsequent to 30 September 2021.

(9) All the pro forma adjustments will not have a continuing effect on the Remaining Group in the subsequent reporting periods.

The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the independent reporting accountants, SHINEWING (HK) CPA Limited. A copy of the following accountants' report is available for inspection.

SHINEWING (HK) CPA Limited
43/F., Lee Garden One, 33 Hysan Avenue
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣希慎道33號
利園一期43樓

17 March 2022

The Board of Directors
Richly Field China Development Limited
Unit 1504, 15/F, Tower 2, Metroplaza,
No. 223 Hing Fong Road,
Kwai Chung, New Territories
Hong Kong

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Richly Field China Development Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") excluding 湖南裕田奧特萊斯置業有限公司 (Hunan Richly Field Outlets Real Estate Limited*), 長沙裕田奧特萊斯企業管理有限公司 (Changsha Yutian Outlets Business Administration Co., Ltd*) and 長沙裕田奧萊物業管理有限公司 (Changsha Yutian Outlets Property Management Co Ltd*) (each the "**Target Company**" and collectively the "**Target Group**") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 September 2021, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2021, the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2021, and related notes as set out on pages III-1 to III-8 of the circular dated 17 March 2022 (the "**Circular**") in connection with the disposal of the entire equity interests each of the Target Company (the "**Disposals**") issued by the Company. The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in Appendix III to the Circular.

* *For identification only*

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Disposals on the Group's consolidated financial position as at 30 September 2021 and the Group's consolidated financial performance and consolidated cash flows for the year ended 31 March 2021 as if the Disposals had taken place at 30 September 2021 and 1 April 2020 respectively. As part of this process, information about the Group's consolidated financial position has been extracted by the directors of the Company from the Group's unaudited condensed consolidated statement of financial position as included in the Group's interim report for the six months ended 30 September 2021 on which no audit or review report has been published, and information about the Group's consolidated financial performance and consolidated cash flows have been extracted by the directors of the Company from the Group's consolidated financial information as included in the Group's annual report for the year ended 31 March 2021, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants' plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG7 issued by the HKICPA.

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

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of the Disposals and the reorganisation on unadjusted financial information of the Group as if the Disposals and the reorganisation had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposals at 30 September 2021 and for the year ended 31 March 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

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

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lau Kai Wong
Practising Certificate Number: P06623
Hong Kong

Set out below is the management discussion and analysis of the Remaining Group for each of the three years ended 31 March 2019, 2020 and 2021 as extracted from the annual reports of the Company for the three years ended 31 March 2019, 2020 and 2021, and for the six months ended 30 September 2021 as extracted from the interim report of the Company for the six months ended 30 September 2021.

(I) FOR THE YEAR ENDED 31 MARCH 2019

Results

For the year ended 31 March 2019 ("**FY 2019**"), turnover of the Remaining Group's continuing operation amounted to approximately HK$5.89 million (year ended 31 March 2018 ("**FY 2018**"): approximately HK$0.10 million), representing a significant increase. This was mainly due to the acquisition of Yinchuan Project completed in February 2018. The loss attributable to owners of the parent for the year amounted to approximately HK$78.43 million (FY 2018: approximately HK$32.75 million), representing an increase of 139.48%. In addition, loss per share for the year was HK$0.50 cents (FY 2018: HK$1.45 cents), representing an decrease of 65.51%.

Dividend

The Board did not recommend the payment of any dividend to the Shareholders for the year (FY 2018: Nil).

Overview

During the year ended 31 March 2019 ("**FY 2019**"), the Remaining Group derived its operating income mainly from the Yinchuan Project, as which the Qinhuangdao Project is still under the development stage.

The Yinchuan Project, which was acquired at the end of February 2018 as a well-developed "commercial + residential" complex, has created its own brand appeal and has an extraordinary influence in the local area. The Yinchuan Project features the combination of home decoration materials retailing and high-quality residential properties, thus having diversified the Group's sources of revenue.

The Qinhuangdao Project, the Remaining Group will begin the leasing of the shopping mall and operation of the hotel starting from the year ending 31 March 2027 upon completion of construction.

Material acquisition or disposal of subsidiaries or associated companies during FY2019

The Group did not acquire or dispose of any material subsidiaries, associates and joint ventures during the year ended 31 March 2019 (FY 2018: Nil).

Liquidity, Capital Resources and Capital Structure

During FY 2019, the Group adopted prudent treasury policies in managing cash resources and borrowings. As at 31 March 2019, the Group has bank and cash balances amounted to HK$14.32 million (FY 2018: HK$5.11 million). The total borrowings included notes payable, bearing-interest other borrowings and amounts due to related parties as at 31 March 2019.

Notes payable in the principal amount of HK$130,000,000 with 7% coupon rate was issued by the Company to the Subscriber on 13 November 2015. As at 31 March 2019, notes payable with principal amount and accrued interest in aggregate of approximately HK$93.47 million (FY 2018: HK$88.11 million) remained outstanding.

Bearing-interest other borrowings from independent third parties amounting approximately HK$35.41 million (FY 2018: Nil) was unsecured and repayable on demand. The interests were ranged from 18%-36% per annum.

Amounts due to related parties, mainly represented 3 entrusted loans in total of principal RMB301.80 million (equivalent to approximately HK$362.16 million) and interests. These were secured by property interests and its carrying interest ranging from 5.7% to 6.19% per annum.

As at 31 March 2019, except for the notes payable, all the Group's bank and other borrowings were denominated in Renminbi and used to finance the Group's capital expenditures and working capital requirements.

According to the Group's current level of cash balances, working capital resources and banking facilities, the Board is confident that the Group has sufficient resources to meet its future business expansion and repay the borrowings on schedule.

Gearing ratio

The Group's gearing ratio, defined as the ratio between the amounts due to related parties, bearing-interest other borrowings, notes payable and Shareholders' equity, was approximately 72.23% (FY 2018: 56.02%).

Foreign exchange risk

The Group's businesses mainly are carried out in PRC, all transactions including major revenue and cost items are denominated in RMB and the Remaining Group has no material transactional currency exposure. The RMB is not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and in certain cases the remittance of currency out of PRC.

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

Capital commitments

As at 31 March 2019, the Remaining Group had capital commitments of approximately HK$151.30 million which had been contracted for but had not been provided for in the financial statements for the construction of properties included under property, plant and equipment and investment properties. The Remaining Group did not have any capital commitment for the acquisition of property, plant and equipment that had been authorised but not contracted for in both reporting periods. The Remaining Group expects to finance the capital commitments by internal resources, proceeds from the sales of project properties, loan from the controlling Shareholder and existing borrowings.

Contingent liabilities

The Remaining Group did not have any material contingent liabilities as at 31 March 2019.

Pledge of assets

As at 31 March 2019, property interest held the Remaining Group by with an aggregate carrying value of approximately HK$1,067.55 million were pledged to banks.

Share capital and capital structure

There was no change in the share capital and capital structure of the Company during FY2019.

Human resources

As at 31 March 2019, the Remaining Group had 92 full-time employees. Total staff costs (including Directors' remuneration) for FY2019 were approximately HK$16.34 million.

The remuneration schemes of the Remaining Group are generally structured with reference to market conditions and the qualifications of the employees and the reward packages, including discretionary bonus, for the staff are generally reviewed on an annual basis, depending on the staff's and the Remaining Group's performance. Apart from salary payments and contributions to the retirement benefit schemes and pension schemes, other staff benefits include participation in share option scheme and medical insurance for eligible employees. In-house and external training programs are also provided as and when required.

(II) FOR THE YEAR ENDED 31 MARCH 2020

Results

For the year ended 31 March 2020 ("**FY 2020**"), turnover of the Remaining Group's continuing operation amounted to approximately HK$148.07 million (FY 2019: approximately HK$5.9 million), representing an extremely significant increase. This was mainly due to the Group has completed and delivered Phase 1 of residential buildings to the property owner in Yinchuan Project. The loss attributable to owners of the parent for the year amounted to approximately HK$73.33 million (FY 2019: approximately HK$78.43 million), representing a decrease of 6.50%. In addition, loss per share for the year was HK$0.31 cents (FY 2019: HK$0.50 cents), representing a decrease of 38%.

Dividend

The Board did not recommend the payment of any dividend to the Shareholders for the year (FY 2019: Nil).

Overview

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.

Material acquisition or disposal of subsidiaries or associated companies during FY 2020

The Group did not acquire or dispose of any material subsidiaries, associates and joint ventures during the year ended 31 March 2020.

Liquidity, Capital Resources and Capital Structure

During FY 2020, the Group adopted prudent treasury policies in managing cash resources and borrowings. As at 31 March 2020, the Group has bank and cash balances amounted to HK$14.78 million (FY 2019: HK$14.32 million). The total borrowings included bearing-interest other borrowings and amounts due to related parties as at 31 March 2020.

For the FY 2020, the Remaining Group had made the repayment to fully settle the notes payable (FY 2019: HK$93.47 million).

Bearing-interest other borrowings from independent third parties amounting approximately HK$38.67 million (FY 2019: HK$35.41 million) was unsecured and repayable on demand. The interest were ranged from 12%-36% per annum.

As at 31 March 2020, the Group had lease liabilities of approximately HK$3.48 million (FY 2019: Nil).

Amounts due to related parties, mainly represented 3 entrusted loans in total of principal RMB301.80 million (equivalent to approximately HK$362.16 million) and interests. These were secured by property interests and its carrying interest ranging from 5.7% to 6.19% per annum.

As at 31 March 2020, except for the notes payable and lease liabilities, all the Group's borrowings were denominated in Renminbi and used to finance the Group's capital expenditures and working capital requirements.

According to the Group's current level of cash balances, working capital resources and banking facilities, the Board is confident that the Group has sufficient resources to meet its future business expansion and repay the borrowings on schedule.

Gearing ratio

The Group's gearing ratio, defined as the ratio between the amounts due to related parties, bearing-interest other borrowings, lease liabilities and Shareholders' equity, was approximately 70.76% (FY 2019: 72.23%).

Foreign exchange risk

The Group's businesses mainly are carried out in PRC, all transactions including major revenue and cost items are denominated in RMB and the Remaining Group has no material transactional currency exposure. The RMB is not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and in certain cases the remittance of currency out of PRC.

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

Capital commitments

As at 31 March 2020, the Remaining Group had capital commitments of approximately HK$472.70 million which had been contracted for but had not been provided for in the financial statements for the construction of properties included under property, plant and equipment and investment properties. The Remaining Group did not have any capital commitment for the acquisition of property, plant and equipment that had been authorised but not contracted for in both reporting periods. The Remaining Group expects to finance the capital commitments by internal resources, proceeds from the sales of project properties, loan from the controlling Shareholder and existing borrowings.

Contingent liabilities

The Remaining Group did not have any material contingent liabilities as at 31 March 2020.

Pledge of assets

As at 31 March 2020, property interest held the Remaining Group by with an aggregate carrying value of approximately HK$1,073.50 million were pledged to banks.

Share capital and capital structure

There was no change in the share capital and capital structure of the Company during FY2020.

Human resources

As at 31 March 2020, the Remaining Group had 103 full-time employees. Total staff costs (including Directors' remuneration) for FY2020 were approximately HK$16.34 million.

The remuneration schemes of the Remaining Group are generally structured with reference to market conditions and the qualifications of the employees and the reward packages, including discretionary bonus, for the staff are generally reviewed on an annual basis, depending on the staff's and the Remaining Group's performance. Apart from salary payments and contributions to the retirement benefit schemes and pension schemes, other staff benefits include participation in share option scheme and medical insurance for eligible employees. In-house and external training programs are also provided as and when required.

(III) FOR THE YEAR ENDED 31 MARCH 2021

RESULTS

For the year ended 31 March 2021 ("**FY 2021**"), turnover of the Remaining Group's continuing operation amounted to approximately HK$9.19 million (FY 2020: approximately HK$148.07 million), representing an extremely significant decrease. This was mainly due to the Group sold and delivered Phase 1 of residential buildings to the property owner in Yinchuan Project, representing 10 units in total of 264 units (FY 2020: 247 units), in which the construction has been completed in FY 2020. The loss attributable to owners of the parent for the year amounted to approximately HK$24.96 million (FY 2020: approximately HK$73.33 million), representing a decrease of 65.96%. In addition, loss per share for the year was HK$0.11 cents (FY 2020: HK$0.31 cents), representing a decrease of 64.52%.

DIVIDEND

The Board did not recommend the payment of any dividend to the Shareholders for the year (FY 2020: Nil).

Overview

During FY 2021, many western countries are still hard hit by the epidemic. In contrast, the Chinese government has done a good job as its disease prevention and control initiatives have yielded significant strategic results, and effectively facilitating the resumption of normal work and life as well. 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 of 2020, 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, and the fourth quarter recorded year-on-year GDP growth of 6.5%, beating expectations of 6.2%. Various economic indicators were on an upward trajectory.

Material acquisition or disposal of subsidiaries or associated companies during FY 2021

The Group did not acquire or dispose of any material subsidiaries, associates and joint ventures during the year ended 31 March 2021.

Liquidity, Capital Resources and Capital Structure

During FY 2021, the Group adopted prudent treasury policies in managing cash resources and borrowings. As at 31 March 2021, the Group has bank and cash balances amounted to HK$9.80 million (FY 2020: HK$14.78 million). The total borrowings included bearing-interest other borrowings, lease liabilities and amounts due to related parties as at 31 March 2021.

Bearing-interest other borrowings from independent third parties amounting approximately HK$38.83 million (FY 2020: HK$38.67 million) was unsecured and repayable on demand. The interests were ranged from 10%-36% per annum.

As at 31 March 2021, the Group had lease liabilities of approximately HK$1.34 million (FY 2020: HK$3.48 million).

Amounts due to related parties, mainly represented 3 entrusted loans in total of principal RMB301.80 million (equivalent to approximately HK$362.16 million) and interests. These were secured by property interests and its carrying interest ranging from 5.7% to 6.19% per annum.

As at 31 March 2021, excepts for the lease liabilities, all the Group's borrowings were denominated in Renminbi and used to finance the Group's capital expenditures and working capital requirements.

According to the Group's current level of cash balances, working capital resources and banking facilities, the Board is confident that the Group has sufficient resources to meet its future business expansion and repay the borrowings on schedule.

Gearing ratio

The Group's gearing ratio, defined as the ratio between the amounts due to related parties, bearing-interest other borrowings, lease liabilities and Shareholders' equity, was approximately 80.19% (FY 2020: 70.76%).

Foreign exchange risk

The Group's businesses mainly are carried out in PRC, all transactions including major revenue and cost items are denominated in RMB and the Remaining Group has no material transactional currency exposure. The RMB is not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and in certain cases the remittance of currency out of PRC.

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

Capital commitments

As at 31 March 2021, the Remaining Group had capital commitments of approximately HK$511.01 million which had been contracted for but had not been provided for in the financial statements for the construction of properties included under property, plant and equipment and investment properties. The Remaining Group did not have any capital commitment for the acquisition of property, plant and equipment that had been authorised but not contracted for in both reporting periods. The Remaining Group expects to finance the capital commitments by internal resources, proceeds from the sales of project properties, loan from the controlling Shareholder and existing borrowings.

Contingent liabilities

The Remaining Group did not have any material contingent liabilities as at 31 March 2021.

Pledge of assets

As at 31 March 2021, property interest held the Remaining Group by with an aggregate carrying value of approximately HK$1,256.11 million were pledged to banks.

Share capital and capital structure

There was no change in the share capital and capital structure of the Company during FY2021.

Human resources

As at 31 March 2021, the Remaining Group had 103 full-time employees. Total staff costs (including Directors' remuneration) for FY2021 was approximately HK$16.64 million.

The remuneration schemes of the Remaining Group are generally structured with reference to market conditions and the qualifications of the employees and the reward packages, including discretionary bonus, for the staff are generally reviewed on an annual basis, depending on the staff's and the Remaining Group's performance. Apart from salary payments and contributions to the retirement benefit schemes and pension schemes, other staff benefits include participation in share option scheme and medical insurance for eligible employees. In-house and external training programs are also provided as and when required.

(IV) FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

Results

For the six months ended 30 September 2021 ("**1H 2021**"), turnover of the Remaining Group's continuing operation amounted to approximately HK$2.36 million (six months ended 30 September 2020 ("**1H 2020**"): approximately HK$0.58 million), representing an extremely significant increase. This was mainly due to the Group has completed and delivered Phase 1 of residential buildings to the property owner in Yinchuan Project. The loss attributable to owners of the parent for the period amounted to approximately HK$52.27 million (1H 2020: profit of approximately HK$41.92 million), representing a sharply decrease due to a fair value loss in investment properties of approximately was recorded. In addition, loss per share for the period was HK$0.22 cents (1H 2020: profit of HK$0.18 cents), representing a decrease of 222.22%.

Dividend

The Board did not recommend the payment of any dividend to the Shareholders for the period (1H 2020: Nil).

Overview

In the past few years, the Group failed to adapt itself to industry policies and market development trends in a timely manner, and was not able to effectively convert the land on hand into cashable commodities. Moreover, being a "late-mover" for several times also resulted in significantly lower-than-expected fund usage rate and return, leading to high financial costs. Financial policies support the notion that housing is for accommodation rather than speculation, and will not be relaxed in the second half of 2021. Besides, the financing environment will continue to be tightened. To strictly control the flow of capital and turn away from the virtual economy to the real economy, developers must also strictly stick to the bottom-line mindset of "three red lines", deleverage and reduce liabilities.

Material acquisition or disposal of subsidiaries or associated companies during 1H 2021

The Group did not acquire or dispose of any material subsidiaries, associates and joint ventures during the period ended 30 September 2021.

Liquidity, Capital Resources and Capital Structure

During 1H 2021, the Group adopted prudent treasury policies in managing cash resources and borrowings. As at 30 September 2021, the Group has bank and cash balances amounted to HK$37.46 million (1H 2020: HK$24.99 million). The total borrowings included bearing-interest other borrowings, lease liabilities and amounts due to related parties as at 30 September 2021.

Bearing-interest other borrowings from independent third parties amounting approximately HK$18.14 million (1H 2020: HK$39.62 million) was unsecured and repayable on demand. The interest was ranged 27% per annum.

As at 30 September 2021, the Group had lease liabilities of approximately HK$0.71 million (1H 2020: HK$2.43 million).

Amounts due to related parties, mainly represented 3 entrusted loans in total of principal RMB301.80 million (equivalent to approximately HK$362.16 million) and interests. These were secured by property interests and its carrying interest ranging from 5.7% to 6.19% per annum.

As at 30 September 2021, except for the lease liabilities, all the Group's borrowings were denominated in Renminbi and used to finance the Group's capital expenditures and working capital requirements.

According to the Group's current level of cash balances, working capital resources and banking facilities, the Board is confident that the Group has sufficient resources to meet its future business expansion and repay the borrowings on schedule.

Gearing ratio

The Group's gearing ratio, defined as the ratio between the amounts due to related parties, bearing-interest other borrowings, lease liabilities and Shareholders' equity, was approximately 73.38% (1H 2020: 68.08%).

Foreign exchange risk

The Group's businesses mainly are carried out in PRC, all transactions including major revenue and cost items are denominated in RMB and the Remaining Group has no material transactional currency exposure. The RMB is not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and in certain cases the remittance of currency out of PRC.

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

Capital commitments

As at 30 September 2021, the Remaining Group had capital commitments of approximately HK$518.39 million which had been contracted for but had not been provided for in the financial statements for the construction of properties included under property, plant and equipment and investment properties. The Remaining Group did not have any capital commitment for the acquisition of property, plant and equipment that had been authorised but not contracted for in both reporting periods. The Remaining Group expects to finance the capital commitments by internal resources, proceeds from the sales of project properties, loan from the controlling Shareholder and existing borrowings.

Contingent liabilities

The Remaining Group did not have any material contingent liabilities as at 30 September 2021.

Pledge of assets

As at 30 September 2021, property interest held the Remaining Group by with an aggregate carrying value of approximately HK$1,153.85 million were pledged to banks.

Share capital and capital structure

There was no change in the share capital and capital structure of the Company during 1H 2021.

Human resources

As at 30 September 2021, the Remaining Group had 104 full-time employees. Total staff costs (including Directors' remuneration) for 1H 2021 was approximately HK$9.11 million.

The remuneration schemes of the Remaining Group are generally structured with reference to market conditions and the qualifications of the employees and the reward packages, including discretionary bonus, for the staff are generally reviewed on an annual basis, depending on the staff's and the Remaining Group's performance. Apart from salary payments and contributions to the retirement benefit schemes and pension schemes, other staff benefits include participation in share option scheme and medical insurance for eligible employees. In-house and external training programs are also provided as and when required.

The following is the text of a letter and a valuation certificate prepared for the purpose of incorporation in this circular received from AVISTA Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 31 January 2022 of the property interests held by the Group.

AVISTA Valuation Advisory
艾 華 迪 評 估 諮 詢

23rd Floor, Siu On Centre, No. 188 Lockhart Road,
Wan Chai, Hong Kong

TEL：(852) 3702 7338 FAX：(852) 3914 6388
info@avaval.com
www.avaval.com

17 March 2022

The Board of Directors
Richly Field China Development Limited
Suite 1504, 15/F,
Tower 2, Metroplaza,
No. 223 Hing Fong Road,
Kwai Chung, New Territories,
Hong Kong

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions of Richly Field China Development Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") for us to carry out the valuation of the property interests located in the People's Republic of China (the "**PRC**") held by the Group. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 31 January 2022 (the "**Valuation Date**").

VALUATION STANDARDS

In valuing the property interests, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the RICS Valuation – Global Standards 2022 published by the Royal Institution of Chartered Surveyors ("**RICS**") and the International Valuation Standards published from time to time by the International Valuation Standards Council.

BASIS OF VALUATION

Our valuation is carried out on a Market Value basis, which is defined as "*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*".

VALUATION ASSUMPTIONS

Our valuation of the property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In the course of our valuation of the property in the PRC, we have assumed that transferable land use rights in respect of the property for a specific term at nominal annual land use fees have been granted and that any premium has already been fully settled. We have relied on the advice given by the Group regarding the title to the property. For the purpose of our valuation, we have assumed that the grantee has an enforceable title to the property.

In valuing the property in the PRC, we have assumed that the grantees or the users of the property have free and uninterrupted rights to use or to assign the property for the whole of the unexpired term as granted.

Unless noted in the report, vacant possession is assumed for the property concerned.

Moreover, we have assumed that the design and construction of the properties are/will be in compliance with the local planning regulations and requirements and had been/would have been duly examined and approved by the relevant authorities.

Continued uses assumes the properties will be used for the purposes for which the properties are designed and built, or to which they are currently adapted. The valuation on the property in continued uses does not represent the amount that might be realised from piecemeal disposition of the property in the open market.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed. Moreover, it is assumed that all required licences, consents or other legislative or administrative authority from any local, provincial or national government or private entity or organisation either have been or can be obtained or renewed for any use which the report covers.

It is also assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined and considered in the valuation report. In addition, it is assumed that the utilisation of the land and improvements are within the boundaries of the properties described and that no encroachment or trespass exists, unless noted in the report.

We have further assumed that the properties were not transferred or involved in any contentious or non-contentious dispute as at the valuation date. We have also assumed that there was not any material change of the properties in between dates of our inspection and the valuation date.

VALUATION METHODOLOGY

In the course of our valuation, unless otherwise stated, we have valued the properties in their designated uses with the understanding that the properties will be used as such (hereafter referred to as "**continued uses**").

In valuing the property interests, portion of the property (Completed residential and commercial properties) has been valued by market approach which is generally by comparing recent market evidence of similar properties located in the neighborhood area of the property. Adjustments are considered to reflect the differences in various aspects including market conditions, size, location, time, age, quality and any other relevant factors when comparing such sales against the property. This approach is commonly used to value properties where reliable market evidence is available.

In valuing the Commercial North Portion of the property, which is held for operation, we have valued the property by Discounted Cash Flow ("**DCF**") Approach. DCF Approach involves discounting future net cash flow after deducting operation-related and property-related capital taxes (i.e. net operating income) of the hotel for a certain forecast period and the anticipated net operating income receivable thereafter being capitalised at an appropriate terminal capitalisation rate until the end of the unexpired land use term to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor for an investment of this type. We have prepared the cash flow forecast for 5 years with reference to the current and anticipated market conditions.

The discount rate adopted in DCF Approach reflects the rate of return required by a third party investor for an investment of similar use type. In determining the discount rate which reflects the inherent risks associated with investment in the property, we take into consideration compensation for risks inherent in future cash flows, inflation, revenue growth, our understanding of the return expected by investors for similar properties as well as the level of discount rates used in valuations of similar types of properties. The discount rate adopted is reasonable and in line with the market norm having regard to the relevant analyses.

In determining the terminal capitalisation rate for assessing the terminal value, we have had due regard, among other things, to (i) our analyses of known sales transactions of properties of similar use types, or (ii) where transactions of properties of similar use types are not available, the discount rate we have adopted, our forecasted change in revenue over the 5-year forecast period, and the duration of the remaining land use term of the property. The terminal capitalisation rate adopted is reasonable and in line with the market norm having regard to the relevant analyses.

In valuing the remaining portion of the property which was under construction and the property interests held for future development, we have assumed that they will be developed and completed in accordance with the latest development proposals provided to us by the Group. We have assumed that approvals for the proposals have been obtained. In arriving at our opinion of values, we have adopted the comparison approach by making reference to land comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the developments. We have relied on the accrued construction cost and professional fees information provided by the Group according to the different stages of construction of the properties as at the valuation date, and we did not find any material inconsistency from those of other similar developments.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property interests in the PRC. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate. In the course of our valuation, we have relied considerably on the legal opinion given by the Company's PRC legal adviser – Hunan Yuntian Law Office, concerning the validity of title of the property interests in the PRC.

SITE INVESTIGATION

We have inspected the exteriors and, where possible, the interior of the Property. The site inspection was carried out on 16 February 2022 by Jerry Luo (Certified Public Valuer). However, we have not carried out an investigation on site to determine the suitability of ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. We have further assumed that there is no significant pollution or contamination in the locality which may affect any future developments.

Moreover, no structural surveys have been undertaken, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Property is free of rot, infestation or any other structural defects. No tests were carried out on any of the utility services.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Company or the legal or other professional advisers on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of properties, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters.

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

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

LIMITING CONDITION

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

CURRENCY

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

Our valuation is summarized below and the valuation certificate is attached.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited
Vincent C B Pang
MRICS CFA FCPA FCPA Australia
RICS Registered Valuer
Managing Director

Note: Mr. Vincent C B Pang is a member of Royal Institution of Chartered Surveyors (RICS) and a registered valuer of RICS. He has over 10 years' experience in the valuation of properties including Hong Kong, the PRC, the U.S., Canada, East and Southeast Asia including Singapore, Japan and Korea.

PROPERTY INTERESTS HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2022 *RMB*
Richlyfield Outlet Town Located at Tengfei Village, Maqiaohe Village & Dongma Shequ Xingcheng Town, Wangcheng District Changsha City Hunan Province the PRC	The development comprises 19 parcels of land with a total site area of approximately 1,058,553.00 sq.m. which is being developed into a residential and commercial development in phases. Residential Phase 1, portion of Residential Phase 2, Commercial North Portion and School Portion of the development with a total gross floor area of approximately 231,161.90 sq.m. were completed between 2014 and 2021. Residential Phase 3 was under construction (the "**CIP**") as at the valuation date and is scheduled to be completed in 2023. Upon completion, the CIP will have a total gross floor area of approximately 177,161.31 sq.m.. As advised by the Group, the total construction cost of the CIP is estimated to be approximately RMB 1,150,642,835.32 of which approximately RMB721,643,770.25 of construction work had been completed as at the date of valuation.	The unsold residential and commercial units of Residential Phase 1 and Residential Phase 2 were presold or vacant as at the valuation date, details of the presold portion are set out in Notes vi and vii. Portion of Commercial North Portion with the lettable area of approximately 57,850 sq.m. has been leased to various independent third parties at a total monthly rent of approximately RMB1,467,400 with the latest term expiring on 14 September 2031. The remaining portion was vacant as at the valuation date. The CIP was under construction and the remaining portions were vacant lands as at the valuation date.	2,729,700,000 (100% interest attributable to the Target Company: 2,729,700,000)

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2022 *RMB*
	The remaining portion of Residential Phase 2, Residential Phase 4 and Commercial South Portion were vacant lands as at the valuation date. Upon completion, the remaining portion of Residential Phase 2, Residential Phase 4 and Commercial South Portion will have a gross floor area of approximately 378,027.39 sq.m., 393,913.00 sq.m. and 90,000 sq.m. respectively. The property is located at Changsha City, near Maqiao Riverside Ecological Wetland Park, with approximately 12km to Changshaxi Railway Station and 55km to Changsha Huanghua International Airport. The land use rights of the property have been granted for a term expiring between 27 October 2049 and 30 December 2050 for commercial use and between 27 October 2079 and 30 December 2080 for residential use.		

Notes:

i. Pursuant to the 2 State-owned Land Use Rights Grant Contracts – Contract Nos. 001155 and 001163, dated 28 October 2009 and 19 January 2010 respectively, with the total site area of approximately 1,160,542 sq.m. of which the total grant site area of approximately 1,058,553 sq.m. has been contracted to be granted to Hunan Yutian Outlet City Ltd (the former name of Hunan Richly Field Outlets Real Estate Ltd), a wholly- owned subsidiary of the Company, for commercial and residential use respectively at a total land premium of approximately RMB608,000,000.

As revealed from the aforesaid State-owned Land Use Rights Grant Contracts, the property is subject to the following material development conditions:

a. Contract No. 001155

Grant Site Area:	406,887.00 sq.m.
Usage:	Commercial/Residential
Plot Ratio:	1.20
Site Coverage	≦30%
Greenery Area:	≧40%

b. Contract No. 001163

Grant Site Area:	651,666.00 sq.m
Usage:	Wholesale and Retail
Plot Ratio:	1.20
Site Coverage	≦30%
Greenery Area:	≧40%

ii. Pursuant to 19 State-owned Land Use Rights Certificates, the land use rights of the property with a total site area of approximately 1,058,553.00 sq.m. have been granted to Hunan Richly Field Outlets Real Estate Ltd, a wholly-owned subsidiary of the Company, for commercial and residential use, with details as follows:

No.	State-owned Land Use Rights Certificate	Usage	Site Area *(sq.m.)*	Date of Issue	Expiry Date
1	Wang Bian Geng Guo Yong (2010) Di No. 491-2	Commercial	20,648.40	20-Jul-11	27-Oct-49
2	Wang Bian Geng Guo Yong (2010) Di No. 491-1	Commercial	101,368.80	20-Jul-11	27-Oct-49
3	Wang Bian Geng Guo Yong (2010) Di No. 491-3	Commercial	31,907.10	20-Jul-11	27-Oct-49
4	Wang Bian Geng Guo Yong (2010) Di No. 1414	Commercial	16,416.80	20-Dec-10	30-Dec-50
5	Wang Bian Geng Guo Yong (2011) Di No. 0919	Residential/ Commercial	5,366.50	18-Oct-11	30-Dec-80/ 30-Dec-50
6	Wang Bian Geng Guo Yong (2010) Di No. 491-4	Commercial	146,728.30	20-Jul-11	27-Oct-49
7	Wang Bian Geng Guo Yong (2010) Di No. 492	Residential	106,234.40	27-May-10	27-Oct-79
8	Wang Bian Geng Guo Yong (2011) Di No. 0885	Residential	69,448.80	17-Oct-11	30-Dec-80
9	Wang Bian Geng Guo Yong (2011) Di No. 0088	Residential	51,517.30	29-Jan-11	30-Dec-80
10	Wang Bian Geng Guo Yong (2010) Di No. 1419	Residential	70,868.00	20-Dec-10	30-Dec-80
11	Wang Bian Geng Guo Yong (2011) Di No. 0087	Residential	69,337.20	29-Jan-11	30-Dec-80
12	Wang Bian Geng Guo Yong (2011) Di No. 0085	Residential	57,684.90	29-Jan-11	30-Dec-80

No.	State-owned Land Use Rights Certificate	Usage	Site Area (sq.m.)	Date of Issue	Expiry Date
13	Wang Bian Geng Guo Yong (2011) Di No. 0086	Residential/ Commercial	11,882.40	29-Jan-11	30-Dec-80/ 30-Dec-50
14	Wang Bian Geng Guo Yong (2011) Di No. 0089	Residential	15,233.70	29-Jan-11	30-Dec-80
15	Wang Bian Geng Guo Yong (2011) Di No. 0884	Residential	84,842.30	17-Oct-11	30-Dec-80
16	Wang Bian Geng Guo Yong (2011) Di No. 4465	Residential/ Commercial	53,333.00	9-Jan-12	30-Dec-80/ 30-Dec-50
17	Wang Bian Geng Guo Yong (2011) Di No. 4464	Residential/ Commercial	66,882.90	9-Jan-12	30-Dec-80/ 30-Dec-50
18	Wang Bian Geng Guo Yong (2010) Di No. 1416	Residential	36,899.00	20-Dec-10	30-Dec-80
19	Wang Bian Geng Guo Yong (2010) Di No. 1418-1	Residential/ Commercial	41,953.20	9-Aug-11	30-Dec-80/ 30-Dec-50

iii. Pursuant to 2 Construction Land Planning Permits – Wang Gui De Zi Di No. 201005005 (Jing Kai Qu) and Wang Gui De Zi Di No. 201005006 (Jing Kai Qu) dated 31 May 2010 in favour of Hunan Richly Field Outlets Real Estate Ltd, a wholly-owned subsidiary of the Company, permission towards the planning of 2 parcels of land with a total site area of approximately 1,160,542.00 sq.m.

iv. Pursuant to 17 Construction Works Planning Permits in favour of Hunan Richly Field Outlets Real Estate Ltd, a wholly-owned subsidiary of the Company, the development with a total gross floor area of approximately 525,223.47 sq.m. have been approved for construction, with details as follows:

No.	Construction Works Planning Permit	Gross Floor Area (sq.m.)	Date of Issue
1	Wang Gui Jian Fu Zi Di No. 201009016 (Jing Kai Qu)	9,830.64	13-Sep-10
2	Wang Gui Jian Fu Zi Di No. 2010050016 (Jing Kai Qu)	10,954.38	19-May-11
3	Wang Gui Jian Fu Zi Di No. 201009016 (Jing Kai Qu) Xu 1	12,886.30	13-Sep-10
4	Wang Gui Jian Fu Zi Di No. 201009016 (Jing Kai Qu) Xu 2	14,032.73	13-Sep-10
5	Wang Gui Jian Fu Zi Di No. 2010050016 (Jing Kai Qu) Xu 1	13,410.05	19-May-11
6	Wang Gui Jian Fu Zi Di No. 201009016 (Jing Kai Qu) Xu 3	11,621.84	13-Sep-10
7	Wang Gui Jian Fu Zi Di No. 201009016 (Jing Kai Qu) Xu 4	10,169.40	13-Sep-10
8	Wang Gui Jian Fu Zi Di No. 2010050016 (Jing Kai Qu) Xu 2	4,483.38	19-May-11
9	Wang Gui Jian Fu Zi Di No. 201203006 (Jing Kai Qu)	538.97	16-Mar-12
10	Wang Gui Jian Fu Zi Di No. 201104007 Xu (Jing Kai Qu)	5,223.17	1-Apr-11
11	Wang Gui Jian Fu Zi Di No. 201104007 (Jing Kai Qu)	6,292.42	1-Apr-11
12	Wang Gui Jian Fu Zi Di No. 201305019 (Jing Kai Qu)	2,908.78	10-May-13
13	Jian Zi Di No. 201601001 (Jing Kai Qu)	7,632.95	12-Jan-16
14	Jian Zi Di No. 201405029 (Jing Kai Qu)	72,668.69	15-May-14
15	Jian Zi Di No. 201405030 (Jing Kai Qu)	64,888.74	15-May-14
16	Jian Zi Di No. 201805011 (Jing Kai Qu)	244,925.28	30-May-18
17	Jian Zi Di No. 201901005 (Jing Kai Qu)	32,755.75	8-Jan-19

v. Pursuant to 12 Construction Works Commencement Permits in favour of Hunan Richly Field Outlets Real Estate Ltd, permission by the relevant local authority has been given to commence the construction work with a total gross floor area of approximately 524,412.77 sq.m. for the development, with details as follows:

No.	Construction Works Commencement Permit	Gross Floor Area *(sq.m.)*	Date of Issue
1	No. 430109201011010101 (Yuan)	9,830.64	1-Nov-10
2	No. 430109201107270101 (Yuan)	28,847.81	30-Sep-16
3	No. 430109201009160101 (Yuan)	48,710.27	16-Sep-10
4	No. 430109201209110101 (Yuan)	538.97	11-Sep-12
5	No. 430109201101210101 (Yuan)	113,612.72*	21-Jan-11
6	No. 430109201104070101 (Yuan)	11,515.59	7-Apr-11
7	No. 430109201307161401 (Yuan)	2,908.78	16-Jul-13
8	No. 430109201101210101-1 (Yuan)	4,313.10	29-Jul-13
9	No. 430109201410213301 (Yuan)	72,668.69	21-Oct-14
10	No. 430109201661005 (Yuan)	7,632.95	18-Oct-16
11	No. 430109201809133601 (Yuan)	244,925.28	13-Sep-18
12	No. 430109201907172101 (Yuan)	32,755.75	17-Jul-19

* *As advised by the PRC legal opinion, approximately 53,847.78 sq.m. of Construction Works Commencement Permit No. 430109201101210101 (Yuan) had been replaced by Construction Works Commencement Permit No. 430109201410213301 (Yuan).*

vi. Pursuant to 81 Pre-sales Permits, Hunan Richly Field Outlets Real Estate Ltd is entitled to sell the properties with the total gross floor area of approximately 180,774.99 sq.m..

vii. As advised by the Company, portion of the property with a total gross floor area of approximately 168,267.76 sq.m. has been pre-sold to various independent third parties. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of the pre-sold units for the non-handed over property. For the properties have been handed over, we have not taken into account the sold units in our valuation. The detail information as follow:

	Pre-sold Gross Floor Area – Handed over property *(sq.m.)*	Pre-Sold Consideration – Handed over property	Pre-sold Gross Floor Area – Non handed over property *(sq.m.)*	Pre-Sold Consideration – Non handed over property
Zone A	54,274.24	219,504,643	85.94	645,100
Zone B	43,113.77	252,151,961	N.A.	N.A.
Zone C	N.A.	N.A.	66,073.30	417,045,562
Retail Shop	5,251.29	48,343,780	N.A.	N.A.

viii. Pursuant to 20 Building Ownership Certificates, the building ownership of the property has been vested in Hunan Richly Field Outlets Real Estate Ltd, a wholly-owned subsidiary of the Company, for commercial use with details as follows:

No.	Building Ownership Certificate	Gross Floor Area *(sq.m.)*	Usage	Date of Issue
1	Wang Fang Quan Zheng Gao Zi Di No. 715001512	3,328.28	Commercial	30-Jan-15
2	Wang Fang Quan Zheng Gao Zi Di No. 715001515	2,707.79	Commercial	30-Jan-15
3	Wang Fang Quan Zheng Gao Zi Di No. 715001517	3,674.83	Commercial	30-Jan-15
4	Wang Fang Quan Zheng Gao Zi Di No. 715001518	4,978.64	Commercial	30-Jan-15
5	Wang Fang Quan Zheng Gao Zi Di No. 715001519	2,330.71	Commercial	30-Jan-15
6	Wang Fang Quan Zheng Gao Zi Di No. 715001520	2,711.21	Commercial	30-Jan-15
7	Wang Fang Quan Zheng Gao Zi Di No. 715001521	1,061.57	Commercial	30-Jan-15
8	Wang Fang Quan Zheng Gao Zi Di No. 715001529	4,211.33	Commercial	30-Jan-15
9	Wang Fang Quan Zheng Gao Zi Di No. 715001535	1,755.47	Commercial	30-Jan-15
10	Wang Fang Quan Zheng Gao Zi Di No. 715001537	3,431.72	Commercial	30-Jan-15
11	Wang Fang Quan Zheng Gao Zi Di No. 715001545	3,273.76	Commercial	30-Jan-15
12	Wang Fang Guan Zheng Gao Zi Di No. 716004857	2,351.66	Commercial	8-Apr-16
13	Wang Fang Guan Zheng Gao Zi Di No. 716004858	2,001.40	Commercial	8-Apr-16
14	Wang Fang Guan Zheng Gao Zi Di No. 716005961	4,685.57	Commercial	29-Apr-16
15	Xiang (2017) Wang Cheng Qu Bu Dong Chan Quan Di No. 0006961	4,835.24	Commercial	9-May-17
16	Xiang (2017) Wang Cheng Qu Bu Dong Chan Quan Di No. 0006962	7,231.43	Commercial	18-May-17
17	Xiang (2017) Wang Cheng Qu Bu Dong Chan Quan Di No. 0006963	2,186.72	Commercial	9-May-17
18	Xiang (2017) Wang Cheng Qu Bu Dong Chan Quan Di No. 0006964	5,094.32	Commercial	9-May-17
19	Xiang (2017) Wang Cheng Qu Bu Dong Chan Quan Di No. 0007030	1,966.27	Commercial	10-May-17
20	Xiang (2017) Wang Cheng Qu Bu Dong Chan Quan Di No 0007062	3,391.13	Commercial	10-May-17

ix. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

a. Hunan Richly Field Outlets Real Estate Ltd has legally obtained the land use rights of the property and is the land user; and

b. Hunan Richly Field Outlets Real Estate Ltd has legally and validly obtained the State-owned Land Use Rights Certificates, Construction Land Planning Permits, Construction Works Planning Permits, Construction Works Commencement Permits and Building Ownership Certificates of the property.

x. Our valuation has been made on the following basis and analysis:

In the course of our valuation of the vacant lands, we have considered and analysed the land sale comparables in the vicinity. The accommodation value of the land sale comparables are ranging from RMB 1,500 to RMB 2,500 per sq.m. for residential use and ranging from RMB 1,300 to RMB 2,000 per sq.m. for commercial use. The unit rate adopted in the valuation is consistent with the unit rates of the relevant comparables after due adjustments in terms of location, time and size, etc; and

In the course of our valuation of the unsold units, we have made references to the transaction record of the development and residential and commercial comparables located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit prices of the comparables are ranging from RMB 6,000 to RMB 7,900 per sq.m. for residential units and RMB 11,000 to RMB 12,000 per sq.m. for commercial units. The unit rates adopted in the valuation are consistent with the unit rates of the relevant comparables after due adjustments in terms of location, time and size, etc.

xi. A summary of major certificates/licenses is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Building Ownership Certificate	Partial
c.	Construction Land Planning Permit	Yes
d.	Construction Works Planning Permit	Partial
e.	Construction Works Commencement Permit	Partial
f.	Pre-sales Permit	Partial

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Interest of Directors and the chief executive of the Company in shares, underlying shares or debentures of the Company or its associated corporations

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers; and save as disclosed in this circular, none of the Directors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Directors' interest in assets and contracts of the Company

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group, since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up.

Interests of substantial shareholders in shares or underlying shares of the Company

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the interests and short positions of any person in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 10% or more of the issued voting shares of any other members of the Group, or substantial shareholders as recorded in the register of substantial shareholder required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in Shares and underlying Shares

Name of shareholder	Nature of interest/capacity	Number of issued ordinary shares and underlying shares held/ interested	Approximate percentage of the issued share capital of the Company
Fine Bliss Limited *(note 1)*	Beneficial owner	2,340,000,000	10.03%
Complete Power International Limited *(note 1)*	Interest of controlled corporation	2,340,000,000	10.03%
Good Moral Enterprises Limited *(note 1)*	Interest of controlled corporation	2,340,000,000	10.03%
Stimulate High Investment Limited	Beneficial owner	11,658,898,452	49.96%
Wang Hua *(note 1 and 2)*	Interest of controlled corporation	13,998,898,452	59.99%
Galaxy Sharp Investment Holdings Limited *(note 3)*	Interest of controlled corporation	2,600,000,000	11.14%
Sino Dynamics Investments Limited *(note 3)*	Beneficial owner	2,600,000,000	11.14%
Du Wei *(note 3)*	Interest of controlled corporation	2,600,000,000	11.14%

Notes:

(1) Fine Bliss Limited is the registered holder of 2,340,000,000 shares of the Company. Mr. Wang Hua owns the entire issued share capital of Complete Power International Limited, and Complete Power International Limited owns the entire issued share capital of Good Moral Enterprises Limited, and Good Moral Enterprises Limited owns the entire issued share capital of Fine Bliss Limited. Accordingly, each of Mr. Wang Hua, Complete Power International Limited and Good Moral Enterprises Limited is deemed to be interested in 2,340,000,000 shares directly held by Fine Bliss Limited under the SFO.

(2) Stimulate High Investment Limited is wholly-owned by Mr. Wang Hua. Accordingly, Mr. Wang Hua is deemed to be interested in the 11,658,898,452 shares directly held by Stimulate High Investment Limited under the SFO.

(3) Sino Dynamics Investments Limited is the registered holder of 2,600,000,000 shares of the Company. The entire issued share capital of Sino Dynamics Investments Limited is directly owned by Galaxy Sharp Investment Holdings Limited. Mr. Du Wei owns the entire issued share capital of Galaxy Sharp Investment Holdings Limited. Accordingly, each of Galaxy Sharp Investment Holdings Limited and Mr. Du Wei is deemed to be interested in the 2,600,000,000 shares directly held by Sino Dynamics Investments Limited under the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the Company had not been notified of any person who has an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 10% or more of the issued voting shares of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO, or any options in respect of such securities.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or chief executive of the Company and their respective associates had any interest in business which competes with or may compete, either directly or indirectly, with the business of the Group or had any other conflict of interests which any person has or may have with the Group.

5. MATERIAL LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

6. MATERIAL CONTRACTS

Set out below are summary of the principal contents of the material contracts (not being contracts entered into in the ordinary course of business) entered into by any members of the Group within the two years immediately preceding the Latest Practicable Date:

(a) loan renewal agreement dated 31 March 2021 entered into between Target Company 1 as the borrower and Nanjing Jeshing International Home Decoration Operation Management Co., Ltd.*（南京金盛國際家居市場經營管理有限公司）as the lender to renew the loan in the principal amount of RMB270 million for a term of one year until 31 December 2022;

(b) loan renewal agreement dated 27 March 2020 entered into between Target Company 1 as the borrower and JeShing Real Estate Group Company Limited*（金盛置業投資集團有限公司）as the lender to renew the loan in the principal amount of RMB1 billion for a term of one year until 31 December 2021;

(c) loan renewal agreement dated 29 March 2021 entered into between Target Company 1 as the borrower and JeShing Real Estate Group Company Limited*（金盛置業投資集團有限公司）as the lender to renew the loan in the principal amount of RMB1 billion for a term of one year until 31 December 2022;

(d) loan renewal agreement dated 15 July 2021 entered into between Target Company 1 as the borrower and JeShing Real Estate Group Company Limited*（金盛置業投資集團有限公司）as the lender to increase the loan facility to up to RMB2 billion;

(e) loan agreement dated 17 December 2021 entered into between Qinghuangdao Outlets as the borrower and JeShing Real Estate Group Company Limited*（金盛置業投資集團有限公司）as the lender for a revolving loan facility of RMB2 billion;

(f) supplement agreements dated 28 December 2021 entered into between Qinghuangdao Outlets as the guarantor, Nanjing No.1 Construction Engineering Group Co., Ltd.*（南京第一建築工程集團有限公司）, Jiangsu Decoration Materials Co., Ltd.*（江蘇裝飾材料有限公司） and JeShing Real Estate Group Company Limited*（金盛置業投資集團有限公司）as the borrowers and Hua Xia Bank Co., Limited*（華夏銀行股份有限公司）as the lender to renew the loan in the total principal amount of RMB301.80 million for a term of one year until 21 March 2023; and

(g) the Equity Transfer Agreements.

7. INTERESTS IN CONTRACT OR ARRANGEMENT

There was no contracts or arrangement subsisting as at the Latest Practicable Date in which a Director is materially interested and which is significant in relation to the Group's business.

8. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of the experts who have given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
SHINEWING (HK) CPA Limited (“**SHINEWING**”)	Certified Public Accountants
AVISTA Group	Independent professional valuer

Each of SHINEWING (HK) CPA Limited and AVISTA Group has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of their letter, report and/or reference (as the case may be) references to its names in the form and context in which they appear.

As at the Latest Practicable Date, each of SHINEWING (HK) CPA Limited and AVISTA Group had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

As at the Latest Practicable Date, each of SHINEWING (HK) CPA Limited and AVISTA Group had no interest, directly or indirectly, in any assets which had since 31 March 2021 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group or which were proposed to be acquired or disposed of by or leased to any member of the Group.

9. GENERAL

(a) The company secretary of the Company is Mr. Fung Ka Lun. He is a member of the Hong Kong Institute of Certified Public Accountants.

(b) The registered address of the Company is situated at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

(c) The principal place of business of the Company in Hong Kong is situated at Suite 1504, 15/F, Tower 2, Metroplaza, No. 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong.

(d) The Company's shares registrar is Tricor Secretaries Limited, which is situated at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(e) The English language text of this circular shall prevail over the Chinese language text in case of inconsistency.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Stock Exchange website (http://www.hkexnews.hk) and the Company's website (www.richlyfieldchinagroup.com) up to and including the date which is 14 days from the date of this circular:

(a) the Equity Transfer Agreements;

(b) the annual reports of the Company for each of the three years ended 31 March 2019, 2020 and 2021 and the interim report of the Company for the six months ended 30 September 2021;

(c) the review report from SHINEWING on unaudited financial information of the Target Group;

(d) the report from SHINEWING on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;

(e) the valuation report on Target Group, the text of which is set out in Appendix V to this circular; and

(f) the written consents referred to in the paragraph head "8. QUALIFICATION AND CONSENT OF EXPERTS" in this Appendix.

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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of Richly Field China Development Limited (the "**Company**") will be held at 11:00 a.m. on Friday, 1 April 2022 at Unit 1504, 15/F, Tower 2, Metroplaza, No. 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong for the purpose of considering and, if though fit, passing the following resolutions which will be proposed as ordinary resolutions of the Company. Unless otherwise indicated, capitalised terms used in this notice and the following resolutions shall have the same meanings as those defined in the circular of the Company dated 17 March 2022 (the "**Circular**") of which the notice convening the SGM forms part.

ORDINARY RESOLUTION

1. "**THAT**

   (a) the Equity Transfer Agreement 1 and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

   (b) any one Director be and is hereby authorised to do such acts and deeds in his/her sole and absolute discretion and opinion deemed expedient and appropriate to implement and effect the Equity Transfer Agreement 1 and the transactions contemplated thereunder."

2. "**THAT**

   (a) the Equity Transfer Agreement 2 and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

   (b) any one Director be and is hereby authorised to do such acts and deeds in his/her sole and absolute discretion and opinion deemed expedient and appropriate to implement and effect the Equity Transfer Agreement 2 and the transactions contemplated thereunder."

3. "**THAT**

(a) the Equity Transfer Agreement 3 and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) any one Director be and is hereby authorised to do such acts and deeds in his/her sole and absolute discretion and opinion deemed expedient and appropriate to implement and effect the Equity Transfer Agreement 3 and the transactions contemplated thereunder."

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

Hong Kong, 17 March 2022

Notes:

1. Registered shareholders of the Company ("**Shareholders**") will be able to view and listen to the SGM and submit questions online in accordance with the instructions as stated in the letter sent to the shareholders of the Company. Beneficial owners or CCASS non-registered Shareholders whose Shares are held through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited ("**HKSCC**") can also view and listen to the SGM and submit questions online. In this regard, they should consult directly with their banks, brokers or custodians (as the case may be) for the necessary arrangements and the personalized login and access code will be sent to them upon receipt of request through their respective bank, broker, custodian or HKSCC. Shareholders of the Company should note that viewing the live streaming webcast of the SGM will not be counted towards quorum nor will they be able to cast their votes online.

2. In order to be valid, you are requested to complete and return the accompanying proxy form to the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event no later than 11:00 a.m. (Hong Kong time) on Wednesday, 30 March 2022, or not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised to sign the same.

4. Where there are joint registered holders of any share, any one of such joint holders may vote by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders are present at the SGM by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.

5. In order to determine the entitlement to vote at the SGM, the register of members and transfer books of the Company will be closed from Tuesday, 29 March 2022 to Friday, 1 April 2022 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify to vote at the SGM, all transfers of shares of the Company, accompanied by relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Monday, 28 March 2022.

6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

7. **COVID-19 PANDEMIC SITUATION**

   The Company will adopt the following special arrangements at the SGM for the purpose of public health and safety:

   (a) The SGM will be held with the minimum number of persons present as is required under the bye-laws of the Company to form a quorate meeting, together with a limited number of other attendees to ensure the proper conduct of the meeting. The quorum will be formed by the senior management members and/or senior staff members of the Company who are Shareholders and/or their proxies to maintain an internal grouping and minimise the risks posed by the COVID19 pandemic at the SGM. No other Shareholder, proxy or corporate representative should attend the SGM in person in light of the continuing risks posed by the COVID-19 pandemic. Any other person who attempts to do so will be excluded and will **NOT** be permitted entry to the venue of the SGM.

   (b) There will be no distribution of gifts and no refreshments will be served at the SGM.

   (c) All resolutions at the SGM will be decided on a poll. Shareholders will still be able to vote by doing so in advance of the SGM by proxy. If a Shareholder (other than those who are required to attend the SGM physically to form a quorate meeting) wishes to vote on any resolution at the SGM, he/she/it must appoint the Chairman of the SGM as his/her/its proxy to exercise his/her/its right to vote at the SGM in accordance with his/her/its instructions.

   (d) Shareholders can view and listen to the SGM through online access by visiting the Tricor e-Meeting System. Shareholders participating in the SGM using the Tricor e-Meeting System will also submit questions through the Tricor e-Meeting System. The Tricor e-Meeting System will be opened for Shareholders to log in approximately 30 minutes prior to the commencement of the SGM and can be accessed from any location with internet connection by a smart phone, tablet device or computer.

   (e) Shareholders attending the SGM using the Tricor e-Meeting System will be able to submit questions relevant to the Company's proposed resolution online during the SGM.

   (f) For the health and safety of SGM attendees, Shareholders, proxies or corporate representatives (other than those who are required to attend the SGM physically to form a quorate meeting) will **NOT** be able to attend in person but may view and listen to the SGM and submit questions online. Registered shareholders are requested to provide a valid email address to receive the login and access code to view a live streaming webcast of the SGM and submit online questions to us on the Tricor e-Meeting System. To vote at the SGM, you should complete and return the proxy form, appointing the chairman of the SGM as your proxy or alternative proxy.

8. Due to the constantly envolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the SGM arrangements at short notice. Shareholders should check the latest policies and notices announced by the Hong Kong Government, the Company's website (www.richlyfieldchinagroup.com) and the website of the Stock Exchange (www.hkexnews.hk) for future announcements and update on the SGM arrangement.

As at the date of this notice, the Board comprises two executive directors, namely Mr. Li Yi Feng (Chairman and Chief Executive Officer) and Mr. Chen Wei (Vice President), and three independent non-executive directors, namely Ms. Hsu Wai Man Helen, Mr. Wong Chi Hong William and Mr. Xu Jinghong.