RICHLY FIELD

RICHLY FIELD CHINA DEVELOPMENT LIMITED
裕田中國發展有限公司

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

(Stock Code: 313)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The board (the "Board") of directors (the "Directors") of Richly Field China Development Limited (the "Company") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six-month period ended 30 September 2023 (the "Reporting Period"), together with the unaudited comparative figures for the six-month period ended 30 September 2022 (the "Corresponding Period").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		Six months ended 30 September	
		2023	2022
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**15,112**	34,431
Cost of sales		**(8,663)**	(31,236)
Gross profit		**6,449**	3,195
Loss on revaluation of investment properties		**(41,015)**	(6,491)
Gain on disposal of subsidiaries	*13*	**–**	1,512,618
Other income and gain		**566**	6,949
Selling expenses		**(2,787)**	(1,866)
Administrative expenses		**(25,813)**	(23,707)
Finance costs	*5*	**(1,161)**	(25,379)
(Loss) profit before tax	*6*	**(63,761)**	1,465,319
Income tax credit	*7*	**10,230**	1,623
(Loss) profit for the period		**(53,531)**	1,466,942

	Notes	Six months ended 30 September **2023** **HK$'000** **(Unaudited)**	2022 HK$'000 (Unaudited)
Other comprehensive income (expenses)			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**25,406**	(31,966)
Release of translation reserves upon disposal of subsidiaries		**–**	(69,348)
Other comprehensive income (expenses) for the period, net of tax		**25,406**	(101,314)
Total comprehensive (expenses) income for the period		**(28,125)**	1,365,628
(Loss) earnings per share			
Basic	*8*	**(0.23) cents**	6.29 cents
Diluted	*8*	**(0.23) cents**	6.29 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	Notes	30 September 2023 HK$'000 (Unaudited)	31 March 2023 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**889**	1,036
Investment properties		**528,209**	595,654
Right-of-use assets		**355,513**	378,993
Interests in associates		**558**	558
Financial asset designated at fair value through other comprehensive income ("FVTOCI")		**2,724**	2,724
Goodwill		**109,042**	114,298
		996,935	1,093,263
Current assets			
Properties under development		**661,669**	679,319
Completed properties held for sales		**25,675**	34,893
Trade receivables	*10*	**2,663**	2,604
Prepayments, deposits and other receivables		**339,859**	304,850
Cash and cash equivalents		**36,003**	35,083
		1,065,869	1,056,749
Current liabilities			
Trade payables	*11*	**376,012**	389,267
Other payables and accruals		**403,610**	431,327
Contract liabilities		**67,958**	48,254
Amounts due to related parties		**527,236**	548,483
Amount due to a shareholder		**21,729**	19,826
Interest-bearing other borrowings		**33,106**	30,718
Lease liability		**256**	109
Tax payable		**92,907**	100,556
		1,522,814	1,568,540
Net current liabilities		**(456,945)**	(511,791)
Total assets less current liabilities		**539,990**	581,472

	NOTES	30 September 2023 HK$'000 (Unaudited)	31 March 2023 HK$'000 (Audited)
Non-current liabilities			
Deferred income		**60,765**	63,694
Lease liability		**246**	–
Deferred tax liabilities		**31,431**	42,105
		92,442	105,799
Net assets		**447,548**	475,673
Equity (Deficiency in Equity)			
Issued capital	*12*	**1,166,834**	1,166,834
Reserves		**(719,286)**	(691,161)
		447,548	475,673

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 September 2023 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

As at 30 September 2023, the Group had net current liabilities of approximately HK$456,945,000 and total borrowings, including interest-bearing other borrowings, amounts due to related parties and a shareholder in aggregate of approximately HK$582,071,000 that will be due in the coming twelve months from the end of the reporting period. As at the same date, the Group's cash and cash equivalents amounted to approximately HK$36,003,000.

In view of the above, the directors of the Company have reviewed the Group's cash flow projections covering a period of twelve months from 30 September 2023 which have taken into account the followings:

(i) Property development projects

The development progress of certain of the Group's property development projects had been significantly delayed or suspended due to the market conditions and liquidity issues faced by the Group. During the Reporting Period, the Group entered into a supplementary agreement with a contractor that the non-legally binding framework agreement signed in July 2022 still remains valid and that the contractor agreed not to demand any repayment from the Group for the construction works it performed towards the Group's property development projects until the value of cumulative certified works reach RMB200,000,000. The Directors of the Company considered that, such arrangement could enable the Group to continue the property development.

(ii) Continuous financial support from related companies

a. As at 30 September 2023, the Group had a revolving loan facility of RMB2,000,000,000 granted by a company controlled by a controlling shareholder that will expire in December 2023 of which approximately RMB1,990,940,000 remained unutilised as at 30 September 2023.

b. During the Reporting Period, the Group entered into a new loan agreement regarding a revolving loan facility agreement with a company controlled by a controlling shareholder of HK$2,000,000,000 that will start in January 2024 and expire in December 2025.

c. The Directors of the Company considered that the credit facilities can be utilised in the manner to settle the liabilities of the Group when and as they fall due.

(iii) Expansion of Property Management Business

The Group had made acquisitions of property management companies during the Reporting Period. The unaudited revenue of Ningxia Guanling (as defined below) and Wuhan Yuejing (as defined below) for the year ended 31 December 2022 were approximately RMB8,330,000 and RMB3,573,000 respectively. On 15 June 2023, the Group acquired 100% equity interests in Hohhot Pengshengjie Property Management Service Co., Ltd. which is a newly setup company to target the property management market in the Inner Mongolia province, China.

Property management business is one of the key businesses of the Group, the expansion of the property management business will help to bring in more stable income to the Group in the future.

(iv) Other financing options

The Group will continue to identify and negotiate with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future, such as new investors and business partners.

(v) Possible disposal of non-core businesses and assets

In addition, the Directors of the Company will also consider, if necessary, to dispose of certain of its property development projects and/or to seek other investors/property developers to accelerate the development of the Group's property projects in order to source additional funds to the Group.

(vi) Cost control

The Group will continue to take appropriate measures to control administrative costs.

The Directors of the Company believe that, after taking into account the above plans and measures, the Group will have sufficient working capital to satisfy its present requirements at least up to 30 September 2024.

Notwithstanding the above, given the volatility of the property sector in Mainland China and the uncertainties to obtain continuous support from the banks, the related companies and the Group's contractors/creditors, the Directors of the Company consider that material uncertainties exist as to whether the Group will be able to achieve its plans and measures as described above.

Should the Group fail to achieve the above mentioned plans and measures, the Group may be unable to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Group's assets to state them at their realisable values, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities, respectively.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and financial assets at fair value through other comprehensive income, which are stated at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2023 except as described below.

In the current interim period, the Group has applied, for the first time, the following amendments ("new and revised HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 April 2023.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendment to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The directors of the Company consider that, the application of the new and revised HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

As further detailed in note 13, the Group disposed of the Disposal Group in April 2022. Upon the completion of the disposal, over 90% of the Group's revenue, expenses, assets and liabilities are generated from the Group's property development and investment projects in Qinhuangdao of Hebei Province (the "Qinhuangdao Project") and Ningxia, Yinchuan City (the "Ningxia Project") in the People's Republic of China (the "PRC") (30 September 2022: including also the project in Changsha, Hunan Province (the "Changsha Project")). The chief executive officer (the chief operating decision maker) makes decisions about resources allocation and assesses performance of the Group based on the operating results and financial position of the Group as a whole, as the Group's resources are integrated and no other discrete operating segment information is provided to the chief operation decision maker. As much, no segment information is presented.

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

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

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

For the six months ended 30 September 2023 and 2022, the Group had no transaction with external customer which individually contributed over 10% of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAIN

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

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Type of goods and service under HKFRS 15		
– Sales of properties	**2,315**	26,182
– Management fee income	**9,889**	3,292
Total revenue from contracts with customers	**12,204**	29,474
Revenue from other source		
– Rental income	**2,908**	4,957
	15,112	34,431
Timing of revenue recognition		
– At a point in time	**2,315**	26,182
– Over time	**9,889**	3,292
	12,204	29,474

5. FINANCE COSTS

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

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on other borrowings *(Note)*	**1,157**	25,371
Interest expense on lease liabilities	**4**	8
	1,161	25,379

Note: During the six months ended 30 September 2023, the Group has made a reversal of approximately HK$9,889,000 in interest on other borrowings previously recognized. This reversal is directly attributed to a court decision that has been concluded in relation to the legal proceedings.

6. (LOSS) PROFIT BEFORE TAX

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

		Six months ended 30 September	
		2023	2022
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
(a)	Staff costs:		
	Salaries, wages and other benefits	**9,226**	8,852
	Contributions to defined contribution retirement plans	**1,046**	736
		10,272	9,588
(b)	Other items:		
	Cost of inventories recognised as expenses	**2,376**	23,082
	Depreciation of property, plant and equipment	**268**	307
	Depreciation of right-of-use assets	**6,761**	7,052
	Direct operating expenses incurred for investment properties that generated rental income during the period	**2,061**	1,914

7. INCOME TAX CREDIT

No provision for PRC Enterprise Income Tax and Hong Kong Profits Tax have been made for the six months ended 30 September 2023 as the Group did not generate any assessable profits arising in PRC and Hong Kong respectively during the period (six months ended 30 September 2022: Nil).

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Deferred tax	**10,230**	1,623

8. (LOSS) EARNINGS PER SHARE

(a) Basic (loss) earnings per share

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

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss) profit attributable to equity holders of the Company, used in the basic (loss) earnings per share calculation	**(53,531)**	1,466,942
Weighted average number of ordinary shares in issue during the period, used in the basic (loss) earnings per share calculation	**23,336,687,255**	23,336,687,255

(b) Diluted (loss) earnings per share

For the six months ended 30 September 2023 and 2022, diluted (loss) earnings per share is same as basic (loss) earnings per share as the Company has no potential ordinary shares outstanding during both periods.

9. INTERIM DIVIDEND

No payment of interim dividend was recommended for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

10. TRADE RECEIVABLES

	30 September 2023	31 March 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Rental receivables	**2,507**	2,448
Rental recognised using the straight-line method	**156**	156
Total	**2,663**	2,604

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

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

	30 September 2023	31 March 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**2,507**	2,448

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

11. TRADE PAYABLES

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

	30 September 2023 HK$'000 (Unaudited)	31 March 2023 HK$'000 (Audited)
Within one year	**21,630**	18,339
Over one year	**354,382**	370,928
	376,012	389,267

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

12. SHARE CAPITAL

	30 September 2023		31 March 2023	
	No. of shares	**Amount** *HK$'000*	No. of shares	Amount *HK$'000*
Authorised:				
Ordinary shares of HK$0.05 each				
At 30 September 2023 (unaudited)/ 31 March 2023 (audited)	**40,000,000,000**	**2,000,000**	40,000,000,000	2,000,000
Issued and fully paid:				
Ordinary shares of HK$0.05 each				
At 30 September 2023 (unaudited)/ 31 March 2023 (audited)	**23,336,687,255**	**1,166,834**	23,336,687,255	1,166,834

13. DISPOSAL OF SUBSIDIARIES

On 9 February 2022, the Group entered into a conditional equity transfer agreements with an independent third party to dispose of the entire equity interest of 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) (collectively known as "Disposal Group") for an aggregate consideration of RMB3. The disposal of Disposal Group was completed on 14 April 2022. The assets and liabilities of the Disposal Group at the date of disposed are as follows:

	14 April 2022 *HK$'000* (Unaudited)
Assets	
Property, plant and equipment	24,246
Investment properties	731,540
Right-of-use assets	158,659
Properties under development	1,877,849
Completed properties held for sales	95,872
Trade receivables	4,785
Prepayments, deposits and other receivables	39,517
Cash and cash equivalents	8,721
Total assets disposed of	2,941,189
Liabilities	
Trade payables	(886,025)
Other payables and accruals	(762,825)
Contract liabilities	(513,181)
Amounts due to related parties	(561,905)
Amounts due to remaining group	(145,063)
Interest-bearing bank and other borrowings – repayable on demand	(1,505,022)
Provisions	(7,117)
Deferred tax liabilities	(3,321)
Total liabilities disposed of	(4,384,459)
Net liabilities disposed of	(1,443,270)
Gain on disposal of the Disposal Group:	
Consideration received	–
Net liabilities disposed of	1,443,270
Cumulative exchange difference in respect of net assets of subsidiaries reclassified from equity to profit or loss	69,348
	1,512,618

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Key projects of the Group include JeShing European City Project which is a comprehensive project comprising "建材樓" (commercial), "家居樓" (commercial) and "太平商場" (commercial) and Jin Sheng Yue Jing (residential) developed in Yinchuan, Ningxia Hui Autonomous Region, the People's Republic of China (the "PRC"), together with the Qinhuangdao Venice – City of Water Outlets Project which is a comprehensive project developed in Beidaihe New District, Qinhuangdao, Hebei, the PRC.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a total revenue of approximately HK$15,112,000 as compared to approximately HK$34,431,000 for the Corresponding Period, representing a decrease of 56.1%. The decrease in revenue was mainly attributable to the decrease of sales of properties. Revenue from sales of properties was approximately HK$2,315,000 for the Reporting Period as compared to approximately HK$26,182,000 for the Corresponding Period, representing a decrease of 91.2%. Management fee income was approximately HK$9,889,000 for the Reporting Period as compared to approximately HK$3,292,000 for the Corresponding Period, representing an increase of 200.4%.

The Group recorded a loss on revaluation of investment properties of approximately HK$41,015,000 for the Reporting Period as compared to approximately HK$6,491,000 for the Corresponding Period, representing an increase of 531.9%.

Finance costs was approximately HK$1,161,000 for the Reporting Period as compared to approximately HK$25,379,000 for the Corresponding Period, representing a decrease of 95.4% due to the reversal of approximately HK$9,889,000 in interest on other borrowings previously recognized. The loss attributable to equity holders for the Reporting Period amounted to approximately HK$53,531,000 as compared to a profit of approximately HK$1,466,942,000 for the Corresponding Period, due to the fact that there was an one off gain on disposal of subsidiaries of approximately HK$1.5 billion for the Corresponding Period while there was no disposal of subsidiaries for the Reporting Period. The loss per share for the Reporting Period was HK$0.23 cents as compared to HK$6.29 cents earnings per share for the Corresponding Period.

As for financing aspect, regarding the loan agreements with related parties, JeShing Real Estate Group Company Limited*（金盛置業投資集團有限公司）(“JeShing Real Estate”), Nanjing No. 1 Architecture and Engineering Group Company Limited*（南京第一建築工程集團有限公司）and Jiangsu Decorative Material Co. Ltd*（江蘇裝飾材料有限公司）, the total outstanding principal amount was RMB301,800,000 (equivalent to approximately HK$328,902,000) (collectively the “Related Party Loan”) as at 30 September 2023. Related Party Loan was due in March 2023 with an interest rate range of 5.7%-6.19% per annum and was secured by the pledge of certain of the Group’s assets.

Related Party Loan was a loan borrowed by the related parties from Huaxia Bank (the “Huaxia Bank Loan”) and lent directly to the Qinhuangdao Outlets Real Estate Company Limited*（秦皇島奧特萊斯置業有限公司）, an indirect wholly-owned subsidiary of the Company on the same terms. No further extension agreement had been entered into between Huaxia Bank and the related parties in March 2023. Therefore, the Huaxia Bank Loan was in default from March 2023. Huaxia Bank has the discretionary right to demand related parties of the Company on full payment of the whole principal amount and any unpaid interest. To the best knowledge of the Directors, management of the related parties have commenced negotiations of the repayment terms of the Huaxia Bank Loan with Huaxia Bank since then. Up to the date of this announcement, those negotiations are still in progress and have not been concluded. As the land of the Qinhuangdao Project (as defined below) has been pledged against the Huaxia Bank Loan, Huaxia Bank has the discretionary right to confiscate the land of the Qinhuangdao Project and dispose it for Huaxia Bank Loan repayment if related parties of the Company fail to repay the Huaxia Bank Loan when Huaxia Bank demands immediate full repayment.

In December 2021, the Group entered into a loan agreement regarding a revolving loan facility agreement with a related party, JeShing Real Estate in relation to an unsecured loan facility in the total principal amount of RMB2,000,000,000 (equivalent to approximately HK$2,179,600,000) at an interest rate of 5% per annum and is due to repay in December 2023. As at 30 September 2023, amount of approximately RMB1,990,940,000 (equivalent to approximately HK$2,169,726,000) remained unutilized. In May 2023, the Group entered into a new loan agreement regarding a revolving loan facility agreement with a related party, Jinsheng International Group (BVI) Limited（金盛國際集團（英屬維爾京群島）有限公司）in relation to an unsecured loan facility in the total principal amount of HK$2,000,000,000 at an interest rate of 5% per annum, the revolving loan facility will start in January 2024 and is due to repay in December 2025.

Property Management Business

On 28 March 2023, the Group announced to acquire 100% equity interests in two property management companies, which are Ningxia Guanling Property Service Co., Ltd.*（寧夏冠淩物業服務有限公司）("Ningxia Guanling") and Wuhan Yuejing Property Management Co., Ltd.*（武漢閱景物業管理有限公司）("Wuhan Yuejing"). The unaudited revenue of Ningxia Guanling and Wuhan Yuejing for the year ended 31 December 2022 were approximately RMB8,330,000 and RMB3,573,000 respectively. Further details refer to the announcement of the Company on 28 March 2023. The acquisition of Ningxia Guanling was completed on 7 April 2023. The acquisition of Wuhan Yuejing was completed on 9 August 2023. On 15 June 2023, the Group acquired 100% equity interests in Hohhot Pengshengjie Property Management Service Co., Ltd.*（呼和浩特市鵬盛潔物業管理服務有限責任公司）("Hohhot Pengshengjie"), Hohhot Pengshengjie is a newly setup company to target the property management market in the Inner Mongolia province, China. These acquisitions will further expand the property management business of the Group as the property development market in China has been facing tough environment. The total property management areas of Ningxia Guanling, Wuhan Yuejing and Hohhot Pengshengjie were approximately 330,000 sq.m., 73,816 sq.m. and 26,398 sq.m., respectively as of 30 September 2023.

Projects Overview

Qinhuangdao Venice – City of Water Outlets Project

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

Qinhuangdao Venice – City of Water Outlets Project covers an area of approximately 1,077 mu, planned to be developed in three phases. Phase 1 of the project covers a total area of approximately 163,227 sq.m., which is planned to be developed, by function, into outlets business (including Latitude Space), a health preservation hotel, resort units and an exhibition centre, along with supporting parking lots and greenery landscape. The Group has successively obtained the construction work planning and commencement permits for Sections A, B, and C of Phase 1 and the exhibition centre, the construction work planning permit for Section D of Phase 1 as well as the pre-sale permits for the first 59 resort units.

During the Reporting Period, led by local government agencies, Qinhuangdao Company actively approached all partners, and plans to build the commercial portion of Phase 1 with concerted efforts, so as to align with local industrial positioning, i.e. to build Qinhuangdao Project into a first-class comprehensive demonstration city for health care and vacation.

Yinchuan Project

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

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

Featured with the supporting commercial facilities, Jin Sheng Yue Jing is a large-scale residential community developed passionately by the Company, which 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 site area of approximately 120 mu, the Jin Sheng Yue Jing project comprises 20 mid- to high-rise buildings to be developed in 3 phases. The project has adopted the frame shear wall structure across the board, the beige granite paint for exterior decoration, and the internationally popular Artdeco neoclassic architectural style for the overall appearance, presenting a sense of fashion, solemnity and elegance.

During the Reporting Period, the construction of the main structure of Phase 2 of Jin Sheng Yue Jing has been completed. In terms of construction progress, for block 17, the lacquer spray painting of the external wall continued, and the installation of elevators was underway. The installation of stair railings has been completed, the wall tiling in the foyer has been completed, the construction of ceiling plasterboards has been completed, and the roof insulation of the main building has been completed. For block 18, the commencement time of the installation of the glass on the lower floors is being negotiated, the lacquer spray painting of the external walls continued, and the installation of the elevator was underway. The inorganic fibre spray painting of the basement roof has been completed, the roof insulation of the main building has been completed, and the sealing of the construction holes of the main building has been completed.

Yinchuan Commercial Properties

The Yinchuan Commercial Properties consist of three commercial buildings (namely "建材樓", "家居樓" and "太平商場") and two corridors, collectively known as Jeshing International Home Furnishing Mall • Desheng Square（金盛國際家居•德勝廣場）("Yinchuan Commercial Properties Project") with a total gross floor area of 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. The elegant and comfortable commercial environment, easy accessibility by convenient public transportation, bespoke commercial layout plan and premium quality management have made it a new premier commercial landmark in Yinchuan.

As of 30 September 2023, Yinchuan Commercial Properties Project achieved an occupancy rate of 89.9% and became one of the largest curtain wholesale base in the northwest region. Gathering merchants of major brands in the northwest, the mall hit a record high in the amount of orders. As shown from the overall data, the three buildings of the entire Yinchuan Commercial Properties Project have gradually unveiled its unique distinction to be the northern commercial hub of the city.

During the Reporting Period, the Group joined hands with brand partners to host a number of large alliance marketing events, such as Spring Summer Sale（春暖花開銀盛夏）, 51 JeShing Home Decoration Promotion Campaign（51家裝金盛惠）, and JeShing 618 Mid-year Promotion Campaign（金盛618年中盛惠）, which improved the popularity of the mall and attracted large traffic to the mall. The Group precisely targeted prospective customers, and actively provided incentives for alliance stores to cooperate. Corporate marketing work has been developing towards new media as the major operation mode, with an average of 2,500 views per video on TikTok. WeChat official account mainly presents product promotion, home decoration knowledge, corporate culture promotion, task recommendation, featured product sharing and other content, as well as bargain promotions and other information.

Associated Companies

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

Huailai Project

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

Changchun Project

Globe Outlet Town (Jilin) Limited* (吉林奧特萊斯世界名牌折扣城有限公司) ("Jilin Company"), a 42%-owned associated company of the Company, obtained land use rights for a piece of land with an area of 443 mu for commercial and residential purposes in Shuangyang District, Changchun City, Jilin Province in April 2016. In order to seek differentiated development, Jilin Company plans to develop its project in Shuangyang District, Changchun into an integrated project 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.

SIGNIFICANT INVESTMENTS

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 14 April 2023, (i) King Future Holdings Limited (the "Seller"), a wholly-owned subsidiary of the Company, (ii) Heilongjiang Fenglin Investment Company Limited* (the "Purchaser"), (iii) Qinhuangdao Arirang, and (iv) Qinhuangdao Company entered into the cooperation agreement, pursuant to which the Purchaser and the Seller have agreed to cooperate to develop the Qinhuangdao Project (the "Cooperation Agreement"). Pursuant to the Cooperation Agreement, among other things, the Purchaser has conditionally agreed to purchase and the Seller has conditionally agreed to sell the 30% of the equity interests in Qinhuangdao Company ("Sale Interests") (i.e. the Disposal). As part of the arrangement under the Cooperation Agreement, the Seller and Qinhuangdao Arirang have also entered into the equity transfer agreement on the same day to set out the terms of the Disposal (the "Equity Transfer Agreement"). Pursuant to the Equity Transfer Agreement, the Seller agreed to transfer the Sale Interests to Qinhuangdao Arirang for a consideration of USD1.2 million in accordance with relevant legal procedures. In addition, in order to ensure the development progress of the Qinhuangdao Project, the Purchaser and Qinhuangdao Arirang will invest RMB300 million in the first installment (this amount will be used as an increase in the share capital corresponding to Qinhuangdao Arirang's shareholding in Qinhuangdao Company and will not be returned by Qinhuangdao Company) to resolve issues that affect the Qinhuangdao Project. Please refer to the announcements of the Company dated 14 April 2023 for details.

On 31 May 2023, the Board announced that the Purchaser and Qinhuangdao Arirang have failed to perform the payment obligation in accordance with the Cooperation Agreement and Equity Transfer Agreement. On 31 May 2023, the Seller served the termination notices to the Purchaser and/or Qinhuangdao Arirang (as the case maybe) to terminate the Cooperation Agreement and Equity Transfer Agreement.

LIQUIDITY AND FINANCIAL RESOURCES

The Group mainly finances its business operations with its internal resources and loan facilities from banks, financial institutions and related parties. As at 30 September 2023, the Group had cash and bank balances amounted to approximately HK$36,003,000 (31 March 2023: HK$35,083,000). The Group's current ratio (measured as total current assets to total current liabilities) was 0.7 times (31 March 2023: 0.67 times). The unsecured interest-bearing other borrowings of the Group amounted to approximately HK$33,106,000 (31 March 2023: HK$30,718,000) as at 30 September 2023.

PLEDGE OF ASSETS

As at 30 September 2023, property interest held by the Group with net carrying amount in aggregate of approximately HK$941,373,000 (31 March 2023: HK$1,014,100,000) were pledged to banks and financial institutions.

FOREIGN EXCHANGE EXPOSURES

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

COMMITMENTS

As at 30 September 2023, the Group had capital commitments of construction of properties included under property, plant and equipment and investment properties of approximately HK$503,235,000 (31 March 2023: HK$526,430,000).

SUBSEQUENT EVENT

There was no significant events taking place subsequent to 30 September 2023 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2023, the Group employed a total of 110 employees (excluding Directors), as compared with 89 employees (excluding Directors) as at 31 March 2023. The Group remunerates its employees based on their performance, working experience and prevailing market parameters. Employee benefits include pension insurance fund, medical insurance coverage, unemployment insurance fund, occupational injury insurance fund, maternity insurance fund, housing provident fund and mandatory provident fund (for Hong Kong employees).

INTERIM DIVIDEND

The Board did not recommend any interim dividend for the Reporting Period (30 September 2022: Nil).

PROSPECT AND OUTLOOK

The Group has focused on the real estate market, strategically rolling out diverse product mixes such as "residential + commercial", "residential + senior care", and "residential + cultural tourism", which boast unique features to forestall declined competitiveness due to homogeneity of products. However, the success of a company still depends very much on its ability to appreciate industry-related policies in advance and make business adjustments and plans in advance to align itself with the policies.

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. National policies regarding the notion that housing is for accommodation rather than speculation will not be relaxed in 2023. Besides, the financing environment will continue to be tight. 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.

The above factors, such as high financial costs, tight financing environment, unswerving policy orientation of housing for accommodation rather than speculation, and increasingly rational property buyers due to the rising mortgage interest rate and prolonged lending cycle, undoubtedly pose a great challenge for the Group, whose income sources are relatively simple (i.e., mainly property sales income, management fee income and rental income). The Group's future development fundamentally hinges on identifying ways to fully use funds and proactively broaden revenue sources.

Amid the harsh economic environment, "struggling alone" is no longer realistic, and only "partnering up with others" will allow a slim chance of survival. In the future, the Group will enhance cooperation with financing institutions, government agencies and other parties of the same or different industries to activate its various projects with concerted efforts.

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance in the best interest of the shareholders of the Company (the "Shareholders"). The Company has been making an effort to enhance the corporate governance standard of the Company by reference to the code provisions and recommended best practices set out in the Corporate Governance Code (the "CG Code") contained in part 2 of Appendix 14 to the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). During the Reporting Period, the Company has applied and complied with all the code provisions set out in the CG Code, except for the following deviation:

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

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

INTERNAL CONTROL

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

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

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

DIRECTORS’ SECURITIES TRANSACTIONS

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

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

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

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

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed reviewing, internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial information for the six months ended 30 September 2023.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website at www.richlyfieldchinagroup.com and the Stock Exchange's website at www.hkexnews.hk. The 2023/2024 Interim Report will also be available on both websites and despatched to the Shareholders in due course.

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

Hong Kong, 30 November 2023

As at the date of this announcement, 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.

* *For identification purpose only*