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RICHLY FIELD

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

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

(Stock Code: 313)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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 2021 (the "Reporting Period"), together with the unaudited comparative figures for the six-month period ended 30 September 2020 (the "Corresponding Period").

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		Six months ended 30 September	
		2021	2020
	Notes	***HK\$'000***	*HK\$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**12,273**	15,544
Cost of sales		**(11,345)**	(11,885)
Gross profit		**928**	3,659
Loss on revaluation of investment properties		**(22,593)**	(16,892)
Other income, gain and loss	*4*	**2,810**	3,616
Selling expenses		**(4,008)**	(6,698)
Administrative expenses		**(42,029)**	(32,434)
Finance costs	*5*	**(119,690)**	(47,140)
Loss before tax	*6*	**(184,582)**	(95,889)
Income tax credit	*7*	**5,648**	2,084
Loss for the period		**(178,934)**	(93,805)

	Notes	Six months ended 30 September **2021** **HK$'000** **(Unaudited)**	2020 *HK$'000* (Unaudited)
Other comprehensive expense			
Item that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**2,195**	(3,928)
Total comprehensive expense for the period		**(176,739)**	(97,733)
		HK$	*HK$*
Loss per share	*8*		
Basic		**(0.77) cents**	(0.40) cents
Diluted		**(0.77) cents**	(0.40) cents

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	Notes	30 September 2021 HK$'000 (Unaudited)	31 March 2021 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**25,644**	26,433
Investment properties		**1,336,500**	1,339,891
Right-of-use assets		**576,800**	578,361
Interests in associates		**9,382**	9,404
Financial assets designated at fair value through other comprehensive income ("FVTOCI")		**2,724**	2,724
Goodwill		**120,108**	118,392
		2,071,158	2,075,205
Current assets			
Properties under development		**2,945,440**	2,759,814
Completed properties held for sale		**98,549**	97,145
Inventories		**–**	–
Trade receivables	*10*	**15,984**	8,062
Prepayments, deposits and other receivables		**309,056**	287,973
Cash and cash equivalents		**52,034**	57,302
		3,421,063	3,210,296
Current liabilities			
Trade payables	*11*	**1,182,091**	1,171,435
Other payables and accruals		**1,104,401**	932,491
Contract liabilities		**1,128,852**	922,882
Amounts due to related parties		**770,814**	467,048
Interest-bearing bank and other borrowings		**1,486,706**	1,486,468
Provisions		**12,996**	6,846
Lease liabilities		**322**	1,338
Tax payable		**133,584**	127,229
		5,819,766	5,115,737
Net current liabilities		**(2,398,703)**	(1,905,441)
Total assets less current liabilities		**(327,545)**	169,764

	Notes	30 September 2021 HK$'000 (Unaudited)	31 March 2021 HK$'000 (Audited)
Non-current liabilities			
Deferred income		**66,928**	65,975
Amounts due to related parties		**119,948**	436,196
Lease liabilities		**384**	–
Deferred tax liabilities		**46,896**	52,555
		234,156	554,726
Net liabilities		**(561,701)**	(384,962)
Equity			
Share capital	*12*	**1,166,834**	1,166,834
Reserves		**(1,728,535)**	(1,551,796)
Deficiency in equity		**(561,701)**	(384,962)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 September 2021 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

During the period ended 30 September 2021, the Group reported net loss of approximately HK$178,934,000. As at 30 September 2021, the Group had net current liabilities of approximately HK$2,398,703,000 and total borrowings, including interest-bearing bank and other borrowings and amounts due to related parties in aggregate of approximately HK$2,257,520,000 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$52,034,000.

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 2021 which have taken into account the followings:

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

(ii) the continuous financial support from related parties including the unutilised loan facility from a related company beneficially owned by a controlling shareholder of RMB2,000,000,000 that will not be expiring before 31 December 2022 of which approximately RMB1,900,068,000 remained unutilised as at 30 September 2021;

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

Based on the above, in the opinion of the directors of the Company, the Group will have sufficient working capital to fulfill its financial obligations as and when they fall due in the coming twelve months from 30 September 2021. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these condensed consolidated financial statements on a going concern basis. These condensed consolidated financial statements do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2021 except as described below.

In the current interim period, the Group has applied, for the first time, the following amendments ("new and revised HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning on 1 April 2021.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	COVID-19-Related Rent Concessions

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

3. OPERATING SEGMENT INFORMATION

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

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

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

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

For the six months ended 30 September 2021 and 2020, the Group had no transaction with external customer which individually contributed over 10% of the Group's total revenue.

4. REVENUE, OTHER INCOME, GAIN AND LOSS

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

	Six months ended 30 September 2021 HK$'000 (Unaudited)	Six months ended 30 September 2020 HK$'000 (Unaudited)
Type of good and service under HKFRS 15		
– Sales of properties	**–**	4,855
– Management fee income	**6,039**	4,317
Total revenue from contracts with customers	**6,039**	9,172
Revenue from other source		
– Rental income	**6,234**	6,372
	12,273	15,544

	Six months ended 30 September 2021 HK$'000 (Unaudited)	Six months ended 30 September 2020 HK$'000 (Unaudited)
Timing of revenue recognition		
– At a point in time	**–**	4,855
– Over time	**6,039**	4,317
	6,039	9,172

	Six months ended 30 September	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Other income, gain and loss		
– Bank interest income	**93**	51
– Net exchange loss	**(8)**	–
Others	**2,725**	3,565
	2,810	3,616

5. FINANCE COSTS

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

	Six months ended 30 September	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**159,703**	100,325
Interest expense on lease liabilities	**40**	134
	159,743	100,459
Less: Amount capitalised in the cost of qualifying assets	**(40,053)**	(53,319)
	119,690	47,140

The capitalisation rates used to determine the amount of borrowing costs eligible for capitalisation for the six months ended 30 September 2021 was 9.41% (six months ended 30 September 2020: 9.46%).

6. LOSS BEFORE TAX

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

		Six months ended 30 September	
		2021	2020
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
(a)	Staff costs:		
	Salaries, wages and other benefits	**13,102**	13,009
	Contributions to defined contribution retirement plans	**1,833**	985
		14,935	13,994
(b)	Other items:		
	Cost of inventories recognised as expenses	**–**	4,414
	Depreciation of property, plant and equipment	**1,353**	2,304
	Depreciation of right-of-use assets	**10,346**	9,229
	Direct operating expenses incurred for investment properties that generated rental income during the period	**1,785**	1,530

7. INCOME TAX CREDIT

No provision for PRC Enterprise Income Tax and Hong Kong profits tax has been made for the six months ended 30 September 2021 as the Group did not generate any assessable profits arising in PRC and Hong Kong respectively during the period (six months ended 30 September 2020: Nil).

	Six months ended 30 September	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Deferred tax	**5,648**	2,084

8. LOSS PER SHARE

(a) Basic loss per share

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

	Six months ended 30 September	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss attributable to equity holders of the Company, used in the basic loss per share calculation	**(178,934)**	(93,805)
Weighted average number of ordinary shares in issue during the period, used in the basic loss per share calculation	**23,336,687,255**	23,336,687,255

(b) Diluted loss per share

For the six months ended 30 September 2021 and 2020, diluted loss per share is same as basic loss per share as the Company has no potential ordinary shares outstanding during the period.

9. INTERIM DIVIDEND

No payment of interim dividend was recommended for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

10. TRADE RECEIVABLES

	30 September 2021	31 March 2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Rental receivables	**9,515**	3,709
Rental recognised using the straight-line method	**6,469**	4,353
	15,984	8,062

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 2021	31 March 2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**9,515**	3,709

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 2021 HK$'000 (Unaudited)	31 March 2021 HK$'000 (Audited)
Within one year	**126,540**	106,781
Over one year	**1,055,551**	1,064,654
	1,182,091	1,171,435

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

12. SHARE CAPITAL

	30 September 2021		31 March 2021	
	No. of shares	Amount HK$'000	No. of shares	Amount HK$'000
Authorised:				
Ordinary shares of HK$0.05 each				
At 30 September 2021 (unaudited)/ 31 March 2021 (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 2021 (unaudited)/ 31 March 2021 (audited)	**23,336,687,255**	**1,166,834**	23,336,687,255	1,166,834

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 Changsha Project, which is a comprehensive project comprising the Globe Outlets (commercial) and Outlets Town (residential) developed by the Group in Changsha, Hunan Province, the People's Republic of China (the "PRC"), and the JeShing European City Project which is a comprehensive project comprising "建材樓" (commercial), "家居樓" (commercial) and "太平商場" (commercial) and JinSheng Yue Jing (residential) developed in Yinchuan, Ningxia Hui Autonomous Region, 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$12,273,000 as compared to approximately HK$15,544,000 for the Corresponding Period, representing a decrease of 21.0%. The decrease in revenue was mainly attributable to the negative development of the property markets in China during the Reporting Period such as the new financing requirements imposed by the central government and the loan issues of certain property developers in China.

The Group recorded a loss on revaluation of investment properties of approximately HK$22,593,000 for the Reporting Period as compared to approximately HK$16,892,000 for the Corresponding Period, representing an increase of 33.7%. Finance costs was HK$119,690,000 for the Reporting Period as compared to approximately HK$47,140,000 for the Corresponding Period, representing an increase of 153.9% as a result of accrued and default interests. The loss attributable to equity holders amounted to approximately HK$178,934,000 as compared to approximately HK$93,805,000 for the Corresponding Period, representing an increase of 90.8% mainly due to the increase in finance costs and loss on revaluation of investment properties. The loss per share for the Reporting Period was HK0.77 cents as compared to HK0.40 cents for the Corresponding Period.

As for financing aspect, regarding the loan agreements with a related party, 南京金盛國際家居市場經營管理有限公司, the total outstanding principal amount was approximately RMB231,792,000 (equivalent to approximately HK$278,220,000) (the "Other Loan 1") as at 30 September 2021 and is due to repay on 31 December 2022. Other Loan 1 is with an interest rate of 9.5% per annum and was secured by the pledge of certain of the Group's assets.

Regarding the loan agreement with related parties, JeShing Real Estate Group Company Limited*（金盛置業投資集團有限公司）, 南京第一建築工程集團有限公司 and 江蘇裝飾材料有限公司, the total outstanding principal amount was RMB301,800,000 (equivalent to approximately HK$362,251,000) (the "Other Loan 2") as at 30 September 2021. Other Loan 2 is due in March 2022 with an interest rate range of 5.7%-6.19% per annum and was secured by the pledge of certain of the Group's assets.

In 2017, the Group entered into loan agreements with a bank together with a financial institution in relation to the loan facility in the total outstanding principal amount of RMB940,700,000 (equivalent to approximately HK$1,129,122,000) for a term of 5 years at an interest rate range of 8%-10% per annum (the "Other Loan 3") which was secured by the pledge of certain of the Group's assets, which had been utilised as at 30 September 2021. In October 2019, the Group entered into a supplemental agreement, in which the due dates of Other Loan 3 has been extended and there is a repayment amount of RMB248,800,000 (equivalent to approximately HK$298,635,000) (the "First Installment") together with unpaid default interest of approximately RMB14,700,000 (equivalent to approximately HK$17,644,000) due on or before 30 June 2020.

The Group entered into loan agreements regarding a revolving loan facility agreement with a related party, 金盛置業投資集團有限公司 in relation to an unsecured loan facility in the total principal amount of RMB1,000,000,000 (equivalent to approximately HK$1,200,300,000) (the "Other Loan 4") at an interest rate of 5% per annum. As at 30 September 2021, approximately RMB99,932,000 (equivalent to approximately HK$119,948,000) had been utilised. During the Reporting Period, the Group entered into a supplemental agreement, in which the due dates of Other Loan 4 has been extended to December 2022 and total principal amount has been increased to RMB2,000,000,000 (equivalent to approximately HK$2,400,600,000).

Regarding the loan agreement with a financial institution (the "Hunan Huarong"), the total outstanding principal amount was RMB270,000,000 (equivalent to approximately HK$324,081,000) (the "Other Loan 5") as at 30 September 2021. The interest rate was 11.5% per annum and secured by the pledge of certain of the Group's assets and is due to repay in June 2022. The Group is required to deposit RMB123,000,000 (equivalent to approximately HK$147,637,000) as pledged deposit into a designated bank account by Hunan Huarong (the "Additional Deposit") during the period from 1 July 2019 to 30 June 2020.

Regarding Other Loan 3, the Group failed to repay the First Installment and unpaid default interest on or before 30 June 2020. Regarding Other Loan 5, the Group failed to put in the full amount of Additional Deposit during the period from 1 July 2019 to 30 June 2020. Pursuant to the terms of Other Loan 3 and Other Loan 5, the bank and the financial institutions have a discretionary right to demand immediate full repayment of the outstanding principal of RMB940,700,000 (equivalent to approximately HK$1,129,122,000) and RMB270,000,000 (equivalent to approximately HK$324,081,000) respectively together with any unpaid interest. The Directors have commenced negotiations of the repayment terms of the loans with the relevant providers of finance since then. Up to the date of this announcement, those negotiations are still in progress and have not been concluded.

On 29 June 2021, the Group entered into a non legal binding Memorandum of Understanding with 樂沃居控股集團有限公司 (Lewoju Holding Group Co,. Ltd*) (the "Purchaser") in relation to a possible disposal of 100% equity interest of the Changsha Project (the "Possible Disposal"). The consideration for the Possible Disposal shall comprise of (i) consideration of RMB1, and (ii) Purchaser to assume all liabilities of the Changsha Project. In the event that the Possible Disposal materialises, the Possible Disposal is expected to complete on or before 31 December 2021. Details of which are further disclosed in the announcement of the Company published by the Company on the website of The Stock Exchange of Hong Kong Limited on 29 June 2021. Up to the date of this announcement, the Possible Disposal is still in progress and have not been concluded.

Projects Overview

Changsha Project

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

Residential Project – Outlets Town or Outlets City

Specially designed by the Group as a high-class low-density residential community in Spanish style, Outlets Town offers high-quality detached and semi-detached houses, townhouses, bungalows, 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% and an overall plot ratio as low as 1.2, creating abundant oxygen by plenty of plants.

During the Reporting Period, the Group continued to focus project construction on Section C (i.e. residential Phase 3 of Outlets Town), which covers a site area of approximately 204 mu, planned to be developed into 37 11-storey buildings and a kindergarten. Currently, pre-sale permits have been obtained for 15 buildings. Up to 30 September 2021, the first 20 buildings almost reached the standards for delivery. In particular, internally, 70% of the indoor fire-fighting system and 80% of the water supply and drainage system, low voltage power distribution system, extra low voltage system, common area decoration, main entrance doors, fireproof doors, aluminium alloy doors and windows, railings, handrails and basement decoration works have been completed; while externally, 90% of the facade decoration, 50% of the hard landscape paving and gardening works, 90% of the rainwater pipeline networks and 20% of the gas pipelines and cable TV networks have been completed. Besides, the construction of four new buildings has commenced and 50% of the construction works of the main structure of the basement have been completed.

As set out in the annual report of the Company for the year ended 31 March 2021, affected by the stringent local regulatory policies on real estate and the pandemic, the further development of Section C of Outlets Town is under immense funding pressure, but the Group will shoulder its corporate and social responsibilities unwaveringly, continue to negotiate and cooperate with the government, financial institutions and competent peers, compensate property owners with reasonable schemes, and strive to achieve smooth delivery of the sold properties.

Outlets Town is equipped with the renowned nine-year school Wangcheng Nanya School（望城南雅學校）. Such a well-established school is the best name-card of the project. Ensuring normal operation of the school as soon as practicable will, on one hand, solve the most imminent livelihood needs of the property owners, alleviate conflicts, help the Group rebuild trust from the government and obtain more advantageous policy support in future; and on the other, with the establishment of school reputation, the subsequent enrolment frenzy will probably spur a boom for residential property acquisitions and the Group's bargaining power will also be improved. During the Reporting Period, the Group made every effort to cooperate with the government, school and contractors to deliver the whole school in August 2021.

Commercial Properties – Globe Outlets

Globe Outlets, the commercial portion of the Changsha Project with a developed area of nearly 100,000 sq.m. so far, has more than 200 domestically and internationally renowned fashion retail brands settling therein, a large separate indoor trampoline centre with an area of over 5,000 sq.m., an IMAX cinema complex, an art education and training institution with an area of over 5,000 sq.m., HappyNest (a supermarket for imported household products) with an area of over 3,000 sq.m., a cartoon amusement park for children with an area of over 2,000 sq.m., a high-end chain kindergarten with an area of over 3,000 sq.m., an indoor constant temperature swimming pool and children's water park, brand specialty catering, and Internet-famous stores popular among young people. It has become a locally well-known large commercial centre integrating shopping, recreation, entertainment and education.

Since its official opening in 2014, Globe Outlets has attracted loyal patrons with its unique low-density block-type shopping ambiance, quality goods at massive discounts, and a product structure that is constantly adjusted to meet customers' demands. Within a radius of several kilometres, there are numerous residential properties and large enterprises, yet Globe Outlets is the only large commercial complex to be found, which gives it a definite edge. During the Reporting Period, as several residential projects adjacent to Globe Outlets were put on sale, and certain residential projects were delivered and occupied, the complex covered an increasingly expanding potential customer base with upgraded shopping demands. Going forward, the Group will offer more diversified and bespoke goods and services to different customer groups, attract customer traffic, promote consumption, and contribute continuous cash flows to the Group to relieve the funding pressure of its cash-strapped property projects.

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. The project developed by the Company in the core area of International Healthy City, Beidaihe New District, Qinhuangdao, is positioned as a large coastal shopping, tourism and healthcare resort complex with outlets business as the major operation, integrated with high-end hot spring resort hotels, high-end hospitals, health preservation and elderly care, cultural and entertainment activities, and recreational resorts ("Qinhuangdao Venice – City of Water Outlets Project").

Qinhuangdao Venice – City of Water Outlets Project covers an area of approximately 1,077 mu, planned to be developed in three phases. Phase 1 of the project covers a total area of approximately 230,000 sq.m., which is planned to be developed, by function, into outlets business (including Latitude Space), a health preservation hotel, resort units and an exhibition centre, along with supporting parking lots and greenery landscape. The Group has successively obtained the construction work planning and commencement permits for 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, the Group focused on the construction of some minor works of the Phase 1 project. Specifically, the main structure of outlets business, which covers an area of approximately 70,000 sq.m., has completed capping, and many units have completed construction of the secondary structure and inspection of the main structure. The outlets business section (including Latitude Space) has entered the fine decoration stage, and construction of the eastern vehicle ramp has been completed. The construction plan of the health preservation hotel in Section D has been vetted. The exhibition centre has been fully constructed and put into use for sale of Phase 1 resort units and daily office operation. Construction of the entrance and exit of the outdoor plaza, bituminous pavement of the exhibition centre, pedestrian way, small car park and temporary car park and greening works of the site have been completed. A total of 189 resort units with courtyard have been planned in one-storey, two-storey or three-storey duplexes, among which the structures of 129 resort units were capped during the Reporting Period, and plastering of external walls and roof-top tiling have been basically completed for a total of 55 units. The entrance and exit and front view landscape of the project have been built; the concrete structure for the waterscape at the main entrance and relevant reserved and embedded parts have been completed; external wall lacquer and lighting works of the clock tower have been fully completed.

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 and a planned gross floor area of approximately 221,000 sq.m., 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.

Four buildings under Phase 1 of Jin Sheng Yue Jing have been completed and delivered. Construction of the main structure has been completed for two buildings under Phase 2. During the Reporting Period, the Group focused on development of Phase 3, which has a planned gross floor area of approximately 140,000 sq.m., comprising 14 11/18-storey exquisite mid-rise buildings. In terms of project construction, during the Reporting Period, 14 buildings of Phase 3 completed decoration, water pipeline, electricity and fire-fighting system installation, and passed the fire-fighting acceptance and household acceptance supervision of the competent construction department. Subsequently, the buildings will proceed to completion acceptance and delivery for occupancy. The Group expects to deliver all of the 14 buildings in the next few months. Amid the gloomy economy, the Group was still capable of attracting local market resources, achieving positive results.

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）with a total gross floor area of approximately 95,000 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 covering gross floor areas of approximately 40,000 sq.m. and 30,000 sq.m. respectively. 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.

In terms of business solicitation, in addition to building materials and household products stores that have been growing from strength to strength in the industry, the Group brought in a large indoor trampoline centre and a boxing gym to the corridors, which invigorated the existing product portfolio, and attracted a wider range of shopping groups with a unique business structure, redefining the traditional image of a shopping mall for building materials and household products by being more inclusive. During the Reporting Period, with its well-established brand influence in the field of household products and building materials, the occupancy rate of its operating buildings was 98.04%. From the operating data, the overall advantages of the northern core commercial centre essential to the Yinchuan Commercial Complex gradually showed prominence. In addition, the Group expects to introduce a nationally unique children entertainment project, the "aviator"（飛行家）, and large-scale supermarkets by the end of 2021, so as to provide property owners of Jin Sheng Yue Jing and surrounding residents with more unique and convenient lifestyle facilities.

In terms of marketing, during the Reporting Period, the Group joined hands with brand partners and hosted a number of large alliance marketing events, such as new media online topic challenges including Let's Decorate in Summer（非裝不可、就在當夏）and Find Ideal Household Products in Jin Sheng（「理想的家、抖在金盛」）, as well as On Sale for the Mid-autumn Festival and National Day（「金九銀十、盛惠雙節」）, promising marketing for every month and promotion for every day. Specifically, 3,000 orders were secured at the Mid-autumn Festival and National Day sales event, which attracted large traffic to the mall and drove significant sales on those dates, and actively encouraged alliance stores to cooperate with enthusiasm.

Meanwhile, as a large enterprise with a strong sense of social responsibility, the Group joined hands with Helan County Charity Federation（賀蘭縣慈善總會）to allocate funds for disabled children and other groups in Helan County in June 2021, actively promoting our positive enterprise culture. Coinciding with the 100th anniversary of the founding of the CPC Party on 1 July 2021, Ningxia Jinguan made arrangements for party members to visit the revolutionary site of the Wuqi Cadre School（五七幹校）, carried out revolutionary spirit studies and education and launched the ceremony for recognizing demonstration posts for party members, in an effort to carry forward the Long March spirit in the new era and inherit the revolutionary spirit. Meanwhile, to strengthen the physique and solidarity of employees and guide cadres and employees to actively take part in the practice of Drawing a New Picture of Ningxia and Fulfilling the Great Chinese Dream（「建設美麗新寧夏共圓偉大中國夢」）with a healthy body and high morale, the Group actively participated in the First Sports Day for Workers of the Helan Industrial Park（賀蘭工業園區第一屆職工運動會）jointly hosted by the local party and the masses affairs office and the trade union in celebration of the 100th anniversary of the party establishment.

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 ("Jilin Project") combining a theme park and a cultural tourism town under the theme of cultural tourism and the objective of building a liveable place with elderly care.

An area of approximately 443 mu of the above lot is used for Phase 1 of the Jilin Project. 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 gross floor area 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.

In terms of marketing, there were few on-site visits to the exhibition hall due to the protracted pandemic. During the Reporting Period, Jilin Company continued to operate the online sales office and the 360° online flat viewing was launched. Members of the sales team carried out live broadcast for flat sales, promoted the project through online channels, and fully leveraged the use of new media to increase exposure of the project to make up for the problem of few on-site visits, thereby gradually building positive market influence and customer awareness.

SIGNIFICANT INVESTMENTS

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

LIQUIDITY AND FINANCIAL RESOURCES

The Group mainly finances its business operations with its internal resources and loan facilities from banks, financial institutions and related parties. As at 30 September 2021, the Group had cash and bank balances amounted to approximately HK$52,034,000 (31 March 2021: HK$57,302,000). The Group's current ratio (measured as total current assets to total current liabilities) was 0.59 times (31 March 2021: 0.63 times). The total secured and unsecured interest-bearing bank and other borrowings of the Group amounted to approximately HK$1,486,706,000 (31 March 2021: HK$1,486,468,000) as at 30 September 2021.

PLEDGE OF ASSETS

As at 30 September 2021, property interest held by the Group with net carrying amount in aggregate of approximately HK$2,183,051,000 (31 March 2021: HK$2,186,407,000) were pledged to banks and financial institutions.

FOREIGN EXCHANGE EXPOSURES

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

COMMITMENTS

As at 30 September 2021, the Group had capital commitments of construction of properties included under property, plant and equipment and investment properties of approximately HK$518,390,000 (31 March 2021: HK$571,005,000).

SUBSEQUENT EVENT

There was no significant events taking place subsequent to 30 September 2021 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2021, the Group employed a total of 222 employees (excluding Directors), as compared with 233 employees (excluding Directors) as at 31 March 2021. 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 2020: 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. 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.

Even amid the periods severely stricken by the pandemic, the policy orientation of housing for accommodation rather than speculation was never wavered, which will also continue in the second half of 2021. On the condition of not compromising the steady and rapid economic growth, the overall regulation of the property market will remain tight. It, therefore, means that housing prices will tend to be stable overall without substantial rise or fall, and the time in which general price rise brings about benefits has become a bygone era.

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 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. As described in the Company's annual report for the year ended 31 March 2021, due to the large financing amount at the early stage of the Changsha Project, financial costs have accumulated over time, and the tightening of the financing environment has made it more difficult for the Company to satisfy its working capital. Coupled with the local government's forceful implementation of strict real estate policies, purchasing power and profitability are greatly reduced. Accordingly, in consideration of financial alerts, the Group is still persistently and proactively engaging with interested partners to jointly investigate various options for the Changsha Project, for example, the Group entered into a non-legal binding memorandum of understanding with an independent third party for the disposal of the Changsha Project on 29 June 2021. The Possible Disposal, if come to pass, will release the Group from the liabilities of the Changsha Project. It would therefore enable the Group to rationally deploy resources on other areas of operations with the objective of enabling the Group to improve its overall business performance, provided that any decision will be made in the best interests of the shareholders as a whole.

CORPORATE GOVERNANCE

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

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

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

INTERNAL CONTROL

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

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

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

DIRECTORS' SECURITIES TRANSACTIONS

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

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

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

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

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed reviewing, internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial information for the six months ended 30 September 2021.

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 2021/2022 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 2021

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*