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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)**

**DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO  
THE ACQUISITION OF EQUITY INTERESTS  
IN THE TARGET COMPANIES**

On 28 March 2023 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreements with each of the Sellers, pursuant to which the Purchaser has conditionally agreed to purchase and each of the Sellers has conditionally agreed to sell the Sale Shares.

**LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio of the Acquisitions, on an aggregate basis, exceeds 5% but are less than 25%, the Acquisitions constitute discloseable transaction for the Company under the Listing Rules. In addition, Mr. Wang, the controlling shareholder of the Company who is interested in approximately 59.05% of the issued Shares, is beneficially interested in the entire interests in both Seller 1 and Seller 2. The Acquisitions also constitute connected transactions of the Company under the Listing Rules. Since the total consideration under the Acquisitions is less than HK\$10,000,000, the Acquisitions are subject to the notification and announcement requirements of the Listing Rules but are exempt from the circular (including independent financial adviser) and shareholders' approval requirements pursuant to Rule 14A.76(2)(b) of the Listing Rules.

## 1. INTRODUCTION

On 28 March 2023 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreements with each of the Sellers, pursuant to which the Purchaser has conditionally agreed to purchase and each of the Sellers has conditionally agreed to sell the Sale Shares. Further details of the Acquisitions are set out in this announcement.

## 2. THE EQUITY TRANSFER AGREEMENTS

The principal terms of the Equity Transfer Agreements are set out below:

### (i) ETA 1

#### Date

28 March 2023

#### Parties

The Purchaser                      Richly Field (Beijing) Investment Consulting Co., Ltd.\* (裕田幸福城(北京)投資顧問有限公司)

Seller 1                                Ningxia Guanling Real Estate Development Co., Ltd.\* (寧夏冠凌房地產開發有限公司)

Target Company 1:            Ningxia Guanling Property Service Co., Ltd.\* (寧夏冠凌物業服務有限公司)

As at the date of this announcement, Target Company 1 is owned as to 100% by Seller 1. Seller 1 is owned as to 100% by JeShing Real Estate Group Company Limited\* (金盛置業投資集團有限公司) which in turn is owned as to (a) 90% by Mr. Wang Hua, being the controlling shareholder of the Company and interested in approximately 59.05% of the issued Shares (“**Mr. Wang**”); and (b) 10% by Nanjing Friendship Hualian (Group) INC., Ltd.\* (南京友誼華聯(集團)有限責任公司) which is 100% owned by JeShing Real Estate Group Company Limited.

## **Subject matter**

The Purchaser has conditionally agreed to purchase and Seller 1 has conditionally agreed to sell the entire interest in Target Company 1 at a consideration of RMB1,590,000, subject to adjustment mechanism as set out in the ETA 1, further details of which are set out in the sub-section below.

## **Consideration**

The consideration for the transfer of the entire interest in Target Company 1 is RMB1,590,000, subject to adjustment mechanism as set out in the ETA 1 and as set out below. The consideration will be payable by the Purchaser in cash to Seller 1 upon one year from the date of completion of ETA 1 without interest.

The consideration of RMB1,590,000 was arrived at after arm's length negotiations between the Purchaser and Seller 1 after taking into account the unaudited net assets value of Target Company 1 as at 31 December 2022 of approximately RMB1.59 million.

As set out in ETA 1, the Purchaser will engage an independent auditor to perform an audit of the financial information of Target Company 1 for the year ended 31 December 2022 within six months from the date of ETA 1. The consideration payable by the Purchaser to Seller 1 will be adjusted based on the audited net assets value of Target Company 1 (the "**ETA 1 Audited NAV**") such that (1) if the ETA 1 Audited NAV is lower than RMB1.59 million, the consideration payable by the Purchaser to Seller 1 will equal to the ETA 1 Audited NAV; and (2) if the ETA 1 Audited NAV is equal to or above RMB1.59 million, no adjustment will be made to the consideration to be payable by the Purchaser.

## **Conditions precedent**

ETA 1 will be effective upon fulfillment of the conditions precedent, and completion of ETA 1 will be conditional upon satisfaction of the following conditions:

- (i) the board of directors of Target Company 1 passing the relevant resolution(s) to approve ETA 1 and the transactions contemplated thereunder in accordance with the articles of association of Target Company 1;
- (ii) the board of directors of the Seller passing the relevant resolution(s) to approve ETA 1 and the transactions contemplated thereunder; and
- (iii) the Board and the Shareholders passing the relevant resolution(s) to approve ETA 1 and the transactions contemplated thereunder in accordance with the Company's articles of association and the Listing Rules (where applicable).

None of the conditions above can be waived by the parties to ETA 1. As at the date of this announcement, all the above conditions have been fulfilled.

## **Completion**

All formalities required for registration of equity transfer must be completed within 10 days after ETA 1 comes into effect. Completion takes place when equity transfer is completed. Within 5 days after the Purchaser obtains the interest in the Target Company 1, Seller 1 and the Purchaser shall complete the delivery procedures regarding Target Company 1.

Seller 1 has undertaken to the Purchaser that it will assume all the responsibilities for (a) the penalties or expenses of Target Company 1 arising out of any non-compliance (including but not limited to non-performance of audit) prior to completion of ETA 1; and (b) all the contingent liabilities of Target Company 1 arising from events prior to completion of ETA 1.

**(ii) ETA 2**

**Date**

28 March 2023

**Parties**

The Purchaser            Richly Field (Beijing) Investment Consulting Co., Ltd.\* (裕田幸福城(北京)投資顧問有限公司)

Seller 2                    True Gains Limited (得誠有限公司)

Trustee                    Wu Dao Ming (吳道明)

Target Company 2:      Wuhan Yuejing Property Management Co., Ltd.\* (武漢閱景物業管理有限公司)

As at the date of this announcement, Target Company 2 is owned as to 100% by Seller 2 with the interest being held on trust by the Trustee. Seller 2 is owned as to 100% by Mr. Wang.

**Subject matter**

The Purchaser has conditionally agreed to purchase and Seller 2 has conditionally agreed to sell the entire interest in Target Company 2 at a consideration of RMB1,750,000, subject to adjustment mechanism as set out in the ETA 2, further details of which are set out in the sub-section below.

**Consideration**

The consideration for the transfer of the entire interest in Target Company 2 is RMB1,750,000, subject to adjustment mechanism as set out in the ETA 2 and as set out below. The consideration will be payable by the Purchaser in cash to Seller 2 upon one year from the date of completion of ETA 2 without interest.

The consideration of RMB1,750,000 was arrived at after arm's length negotiations between the Purchaser and Seller 2 after taking into account the unaudited net assets value of Target Company 2 as at 31 December 2022 of approximately RMB1.75 million.

As set out in ETA 2, the Purchaser will engage an independent auditor to perform an audit of the financial information of Target Company 2 for the year ended 31 December 2022 within six months from the date of ETA 2. The consideration payable by the Purchaser to Seller 2 will be adjusted based on the audited net assets value of Target Company 2 (the "**ETA 2 Audited NAV**") such that (1) if the ETA 2 Audited NAV is lower than RMB1.75 million, the consideration payable by the Purchaser to Seller 2 will equal to the ETA 2 Audited NAV; and (2) if the ETA 2 Audited NAV is equal to or above RMB1.75 million, no adjustment will be made to the consideration to be payable by the Purchaser.

### **Conditions precedent**

ETA 2 will be effective upon fulfillment of the conditions precedent, and completion of ETA 2 will be conditional upon satisfaction of the following conditions:

- (i) the board of directors of Target Company 2 passing the relevant resolution(s) to approve ETA 2 and the transactions contemplated thereunder in accordance with the articles of association of Target Company 2;
- (ii) the board of directors of the Seller passing the relevant resolution(s) to approve ETA 2 and the transactions contemplated thereunder; and
- (iii) the Board and the Shareholders passing the relevant resolution(s) to approve ETA 2 and the transactions contemplated thereunder in accordance with the Company's articles of association and the Listing Rules (where applicable).

None of the conditions above can be waived by the parties to ETA 2. As at the date of this announcement, all the above conditions have been fulfilled.

## **Completion**

All formalities required for registration of equity transfer must be completed within 10 days after ETA 2 comes into effect. Completion takes place when equity transfer is completed. Within 5 days after the Purchaser obtains the interest in the Target Company 2, Seller 2 and the Purchaser shall complete the delivery procedures regarding Target Company 2.

Seller 2 has undertaken to the Purchaser that it will assume all the responsibilities for (a) the penalties or expenses of Target Company 2 arising out of any non-compliance (including but not limited to non-performance of audit) prior to completion of ETA 2; and (b) all the contingent liabilities of Target Company 2 arising from events prior to completion of ETA 2.

### **3. THE TARGET COMPANIES**

#### **Information on the Target Companies**

Target Company 1 is a company incorporated in the PRC with limited liability and is principally engaged in provision of property management services. The main operation of Target Company 1 is the provision of property management services for residential projects in Yinchuan City, Ningxia Hui Autonomous Region, the PRC.

Target Company 2 is a company incorporated in the PRC with limited liability and is principally engaged in provision of property management services and maintenance services, including property renovation, repair and maintenance, car parking, order maintenance, cleaning, house keeping, landscape plantation and fire safety maintenance. The main operation of Target Company is the provision of property management services for residential projects in Wuhan, the PRC.

## Financial information on the Target Companies

Set out below is the financial information of each of the Target Companies based on its unaudited management accounts prepared in accordance with China Accounting Standards for Business Enterprises:

### *Target Company 1:*

	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Unaudited</i>	<i>Unaudited</i>
Revenue	8,330	7,000
Profit before tax and extraordinary items	728	152
Net profit	710	152

As at 31 December 2022, Target Company 1 had unaudited net assets of approximately RMB1.59 million. Target Company 1 was set up by Seller 1 in 2012.

### *Target Company 2:*

	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Unaudited</i>	<i>Unaudited</i>
Revenue	3,573	3,397
Profit before tax and extraordinary items	750	228
Net profit	750	228

As at 31 December 2022, Target Company 2 had unaudited net assets of approximately RMB1.75 million. Target Company 2 was set up by Seller 2 in 2013.

#### **4. INFORMATION ON THE PURCHASER**

The Purchaser is a company incorporated in the PRC. It is a wholly-owned subsidiary of the Company and is principally engaged in investment holding.

#### **5. REASONS FOR AND BENEFITS OF THE ACQUISITIONS**

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 (i) a residential and commercial property project in Yinchuan City, Ningxia Hui Autonomous Region, the PRC; and (ii) a comprehensive project in Qinghuangdao, the PRC.

The Group's property development business, including the projects located in Yinchuan City and Qinghuangdao, was adversely affected by the tightened government policies on the property industry and market in recent years. As discussed in the 2022/2023 interim report of the Company, the policy orientation of housing for accommodation rather than speculation was never wavered even amid the periods severely stricken by the pandemic. The Group's future development fundamentally hinges on identifying ways to fully use funds and proactively broaden revenue sources.

In view of the uncertainties in the future development of the property market, 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. At the same time, the Company is exploring other opportunities to develop its businesses. The two Target Companies are principally engaged in property management business which is also one of the key businesses of the Group. Both the Target Companies recognised a net profit for each of the year ended 31 December 2021 and 2022. The Company considers that acquisition of the two Target Companies will help to bring in more stable income to the Group in the future. In addition, the main operation of Target Company 1 is the provision of property management services for residential project in Yinchuan City, and that property project is located nearby the Group's property project in Yinchuan City. The Company believes that possible synergies, such as cost saving as a result of the enhanced resources management for nearby projects, would be created. For Target Company 2, its main operation is the provision of property management services for residential projects in Wuhan, the PRC. As the capital city of Hubei Province of the PRC and a transportation hub, the Company is optimistic about the future development of Wuhan and believes that acquisition of Target Company 2 would help the Group to step into the property management business in Wuhan and plan for further business development in nearby areas.

In view of the above, the Company has entered into the Equity Transfer Agreements to carry out the Acquisitions. The Company considers that the consideration for the two Acquisitions, which are based on the net assets value of the two Target Companies, is fair and reasonable. At the same time, as one of the terms of the Acquisitions, the Sellers have agreed that the Purchaser will only need to pay the consideration for the Acquisitions after one year from the date of completion of the Equity Transfer Agreements. The Company considers this to be favourable to the Company and it plans to settle the consideration with internal resources of the Group.

Accordingly, the Directors (including the independent non-executive Directors) are of the view that the Acquisitions, despite not in the ordinary course of business of the Group, are in the interests of the Company and the Shareholders as a whole and the terms of the Equity Transfer Agreements are fair and reasonable and on normal commercial terms or better. Having made all reasonable enquiries, none of the Directors have a material interest in the Acquisitions and none of the Directors were required to abstain in the board meeting in approving the Equity Transfer Agreements.

## **6. LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio of the Acquisitions, on an aggregate basis, exceeds 5% but are less than 25%, the Acquisitions constitute discloseable transaction for the Company under the Listing Rules. In addition, Mr. Wang, the controlling shareholder of the Company who is interested in approximately 59.05% of the issued Shares, is beneficially interested in the entire interests in both Seller 1 and Seller 2. The Acquisitions also constitute connected transactions of the Company under the Listing Rules. The Acquisitions also constitute connected transactions of the Company under the Listing Rules. Since the total consideration under the Acquisitions is less than HK\$10,000,000, the Acquisitions are subject to the notification and announcement requirements of the Listing Rules but are exempt from the circular (including independent financial adviser) and shareholders' approval requirements pursuant to Rule 14A.76(2)(b) of the Listing Rules.

## DEFINITIONS

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

“Acquisitions”	the acquisitions of the entire equity interests in the Target Companies pursuant to the Equity Transfer Agreements
“Board”	the board of the Directors
“Company”	Richly Field China Development Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 313)
“Director(s)”	director(s) of the Company
“Equity Transfer Agreements”	ETA 1 and ETA 2
“ETA 1”	the equity transfer agreement entered into between the Purchaser, Seller 1 and Target Company 1 dated 28 March 2023 in relation to the acquisition of equity interests in Target Company 1
“ETA 2”	the equity transfer agreement entered into between the Purchaser, Seller 2 and Target Company 2 dated 28 March 2023 in relation to the acquisition of equity interests in Target Company 2
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Richly Field (Beijing) Investment Consulting Co., Ltd.* (裕田幸福城(北京)投資顧問有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Seller 1”	Ningxia Guanling Real Estate Development Co., Ltd.* (寧夏冠凌房地產開發有限公司), a company incorporated in the PRC
“Seller 2”	True Gains Limited (得誠有限公司), a company incorporated in the British Virgin Islands and, for the purpose of execution and interpretation of ETA 2, including the Trustee
“Sellers”	Seller 1 and Seller 2
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Target Company 1 and Target Company 2
“Target Company 1”	Ningxia Guanling Property Service Co., Ltd.* (寧夏冠凌物業服務有限公司), a company incorporated in the PRC with limited liability

“Target Company 1”	Wuhan Yuejing Property Management Co., Ltd.* (武漢閱景物業管理有限公司), a company incorporated in the PRC with limited liability
“Trustee”	Mr. Wu Dao Ming (吳道明) who held the entire interests in Target Company 2 on trust for Seller 2 pursuant to a shareholding entrustment arrangement
“%”	per cent.

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

Hong Kong, 28 March 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 purposes only*