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鈞濠集團有限公司\*  
**GRAND FIELD GROUP HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

The board of directors (the “Directors”) (the “Board”) of Grand Field Group Holdings Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2021 and the comparative figures as set out below:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 June 2021*

		Six months ended 30 June	
	Notes	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Revenue</b>	4	<b>255,091</b>	1,187
Cost of revenue		<b>(124,336)</b>	(344)
<b>Gross profit</b>		<b>130,755</b>	843
Interest revenue		733	759
Other income		63	161
Other gains and losses		706	–
Selling and distribution costs		<b>(20,007)</b>	(5,996)
Administrative expenses		<b>(28,445)</b>	(15,568)

\* For identification purpose only

		<b>Six months ended</b>	
		<b>30 June</b>	
		<b>2021</b>	<b>2020</b>
<i>Notes</i>		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>Profit/(loss) from operations</b>	<b>83,805</b>	(19,801)
	Finance costs	<b>(22,674)</b>	(8,180)
	Share of loss of an associate	–	(1,377)
	Fair value gain/(loss) on convertible bonds through profit or loss	<u><b>1,557</b></u>	<u>(54)</u>
	<b>Profit/(loss) before tax</b>	<b>62,688</b>	(29,412)
	Income tax (expense)/credit	<u><b>(40,662)</b></u>	<u>1,048</u>
	<b>Profit/(loss) for the period</b>	<u><b>22,026</b></u>	<u>(28,364)</u>
	<b>Attributable to:</b>		
	Owners of the Company	<b>7,056</b>	(19,637)
	Non-controlling interests	<u><b>14,970</b></u>	<u>(8,727)</u>
		<u><b>22,026</b></u>	<u>(28,364)</u>
	<b>Earnings/(loss) per share</b>		(restated)
	Basic ( <i>HK cents per share</i> )	<u><b>2.9</b></u>	<u>(8.0)</u>
	Diluted ( <i>HK cents per share</i> )	<u><b>1.6</b></u>	<u>(8.0)</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Six months ended	
		30 June	
	Notes	2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Profit/(loss) for the period	6	<u>22,026</u>	<u>(28,364)</u>
<b>Other comprehensive income/(loss)</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Fair value loss on financial liabilities designated at fair value through profit or loss attributable to change in credit risk			
– reclassified to profit or loss		181	–
– current period		(3,320)	(2,876)
Exchange differences on translation of foreign operations		<u>26,533</u>	<u>(46,400)</u>
Total comprehensive income/(loss) for the period		<u><u>45,420</u></u>	<u><u>(77,640)</u></u>
<b>Attributable to:</b>			
Owners of the Company		20,546	(51,109)
Non-controlling interests		<u>24,874</u>	<u>(26,531)</u>
		<u><u>45,420</u></u>	<u><u>(77,640)</u></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Notes</i>	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	<i>9</i>	<b>327,788</b>	23,891
Investment properties		<b>2,436,966</b>	3,578,297
Intangible asset		<b>12,791</b>	13,082
Goodwill		<b>36,773</b>	36,773
Right-of-use assets		<b>7,220</b>	6,361
		<b><u>2,821,538</u></b>	<u>3,658,404</u>
<b>Current assets</b>			
Trade receivables	<i>10</i>	<b>3,719</b>	1,989
Properties for sale under development		<b>1,144,953</b>	271,276
Properties for sale		<b>90,237</b>	203,092
Other receivables, deposits and prepayments		<b>97,589</b>	85,823
Amount due from a director		<b>450</b>	656
Tax recoverable		<b>92</b>	91
Cash and cash equivalents		<b>94,976</b>	60,607
		<b><u>1,432,016</u></b>	<u>623,534</u>
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>508,260</b>	479,180
Interest-bearing borrowings		<b>582,730</b>	632,698
Lease liabilities		<b>523</b>	208
Amounts due to directors		<b>177</b>	363
Convertible bonds		<b>–</b>	113,211
Tax payable		<b>179,206</b>	179,159
		<b><u>1,270,896</u></b>	<u>1,404,819</u>

		<b>30 June</b>	31 December
		<b>2021</b>	2020
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	(Audited)
<b>Net current assets/(liabilities)</b>		<u><b>161,120</b></u>	<u>(781,285)</u>
<b>Total assets less current liabilities</b>		<u><b>2,982,658</b></u>	<u>2,877,119</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>511,638</b>	507,020
Convertible bonds		<b>101,520</b>	–
Interest-bearing borrowings		–	46,484
Lease liabilities		<u><b>465</b></u>	<u>–</u>
		<u><b>613,623</b></u>	<u>553,504</u>
<b>NET ASSETS</b>		<u><u><b>2,369,035</b></u></u>	<u><u>2,323,615</u></u>
<b>Capital and reserves</b>			
Share capital	<i>12</i>	<b>2,449</b>	244,955
Reserves		<u><b>1,259,482</b></u>	<u>998,181</u>
Equity attributable to owners of the Company		<b>1,261,931</b>	1,243,136
Non-controlling interests		<u><b>1,107,104</b></u>	<u>1,080,479</u>
<b>TOTAL EQUITY</b>		<u><u><b>2,369,035</b></u></u>	<u><u>2,323,615</u></u>

# **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the six months ended 30 June 2021*

## **1. GENERAL INFORMATION**

Grand Field Group Holdings Limited (the “Company”) is a company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company in Hong Kong is located at Unit 1004B, 10th Floor, Tower 5, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are investment holding, property development, property investment and general trading.

## **2. BASIS OF PREPARATION**

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2020 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2020.

### **3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s condensed consolidated financial statements and amounts reported for the current period and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

### **4. SEGMENT REPORTING**

Information reported to the executive directors and senior management, being the chief operating decision maker, the purposes of resource allocation and assessment of segment performance focus on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reporting segments of the Group. Specifically, the Group’s reportable operating segments under HKFRS 8 are property development, property investment and general trading.

(a) **Segment revenue and results**

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	<b>Property development</b> <i>HK\$'000</i> (Unaudited)	<b>Property investment</b> <i>HK\$'000</i> (Unaudited)	<b>General trading</b> <i>HK\$'000</i> (Unaudited)	<b>Others</b> <i>HK\$'000</i> (Unaudited)	<b>Total</b> <i>HK\$'000</i> (Unaudited)
<b>Six months ended 30 June 2021</b>					
<b>Revenue</b>					
External sales	<u>240,649</u>	<u>2,537</u>	<u>11,805</u>	<u>100</u>	<u>255,091</u>
Segment result	<u>108,582</u>	<u>2,412</u>	<u>574</u>	<u>(96)</u>	<u>111,472</u>

**Six months ended 30 June 2020**

<b>Revenue</b>					
External sales	<u>–</u>	<u>1,187</u>	<u>–</u>	<u>–</u>	<u>1,187</u>
Segment result	<u>–</u>	<u>843</u>	<u>–</u>	<u>–</u>	<u>843</u>

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Segment result	<b>111,472</b>	843
Unallocated income, gains and losses, net	<b>1,502</b>	920
Unallocated expenses	<u><b>(29,169)</b></u>	<u>(21,564)</u>
Profit/(loss) from operations	<b>83,805</b>	(19,801)
Finance costs	<b>(22,674)</b>	(8,180)
Share of loss of an associate	–	(1,377)
Fair value gain/(loss) on convertible bonds	<u><b>1,557</b></u>	<u>(54)</u>
Profit/(loss) before tax	<b>62,688</b>	(29,412)
Income tax (expense)/credit	<u><b>(40,662)</b></u>	<u>1,048</u>
Profit/(loss) for the period	<u><b>22,026</b></u>	<u>(28,364)</u>

(b) Segment assets and liabilities

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 30 June 2021</b>					
Segment assets (unaudited)	<u>1,241,929</u>	<u>2,648,629</u>	<u>1,734</u>	<u>–</u>	<u>3,892,292</u>
Segment liabilities (unaudited)	<u>(381,814)</u>	<u>(511,639)</u>	<u>–</u>	<u>–</u>	<u>(893,453)</u>
<b>As at 31 December 2020</b>					
Segment assets (audited)	<u>480,253</u>	<u>3,578,297</u>	<u>–</u>	<u>–</u>	<u>4,058,550</u>
Segment liabilities (audited)	<u>(275,245)</u>	<u>(507,020)</u>	<u>–</u>	<u>–</u>	<u>(782,265)</u>

5. INCOME TAX (EXPENSE)/CREDIT

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current tax		
– Enterprise Income Tax in the People's Republic of China (the "PRC")	<b>(11,482)</b>	–
– Land Appreciation Tax ("LAT") in the PRC	<b>(29,283)</b>	–
Deferred tax	<u>103</u>	<u>1,048</u>
	<b><u>(40,662)</u></b>	<b><u>1,048</u></b>

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs, business taxes and all property development expenditures. LAT is recognised as an income tax expense. LAT paid is a deductible expense for PRC enterprise income tax purposes.

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group's income neither arises, nor is derived, from Hong Kong in both interim periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

## 6. PROFIT/(LOSS) FOR THE PERIOD

The Group's profit/(loss) for the period is stated after charging the following:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Amortisation of intangible assets	<b>412</b>	381
Depreciation of property, plant and equipment	<b>3,577</b>	651
Depreciation of right-of-use assets	<b>373</b>	375
Staff costs (including directors' remuneration):		
– salaries, bonuses and allowances	<b>6,486</b>	3,931
– retirement benefits scheme contributions	<b>434</b>	191
	<b>6,920</b>	4,122

## 7. EARNINGS/(LOSS) PER SHARE

### Basic earnings/(loss) per share

Basic earnings (six months ended 30 June 2020: loss) per share is calculated based on the profit (six months ended 30 June 2020: loss) for the period attributable to the owners of the Company of approximately HK\$7,056,000 (six months ended 30 June 2020: HK\$19,637,000) and on the weighted average number of approximately 244,955,000 ordinary shares (six months ended 30 June 2020: 244,955,000 ordinary shares, adjusted). The weighted average number of ordinary shares for six months ended 30 June 2020 are adjusted to reflect the share consolidation in respect of the capital of the Company in January 2021 as disclosed in note 12 to the condensed consolidated financial statements of this announcement.

### Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2021 based on the profit for the period attributable to the owners of the Company of approximately HK\$5,499,000 and on the weighted average number of approximately 334,516,000 ordinary shares, is calculated as follows:

	Six months ended 30 June 2021 <i>HK\$'000</i> (Unaudited)
<b>Earnings</b>	
Earnings for the purpose of calculating basic earnings per share	7,056
Fair value gain on conversion of convertible bonds through profit or loss	<u>(1,557)</u>
Earnings for the purpose of calculating diluted earnings per share	<u><u>5,499</u></u>
	30 June 2021 '000 (Unaudited)
<b>Number of shares</b>	
Weighted average number of ordinary shares	244,955
Effect of deemed issue of shares upon conversion of convertible bonds	<u>89,561</u>
	<u><u>334,516</u></u>

The effect of convertible bonds is anti-dilutive during the six months ended 30 June 2020.

## 8. DIVIDENDS

No dividend was paid, declared or proposed during the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, property, plant and equipment of approximately HK\$636,000 was acquired by the Group (six months ended 30 June 2020: HK\$50,000). Properties of approximately HK\$305,832,000 were transferred from investment properties and properties for sale under development.

## 10. TRADE RECEIVABLES

The aging analysis of trade receivables as at the reporting date, based on the date of recognition of the sales of properties and commodities, is as follows:

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
0 – 30 days	1,724	–
Over 365 days	1,995	1,989
	<b><u>3,719</u></b>	<b><u>1,989</u></b>

## 11. TRADE AND OTHER PAYABLES

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
Trade payables to building contractors	1,076	1,058
Accruals of cost for contract works	189,279	243,367
Deferred income	23,264	23,793
Accrued salaries and other operating expenses	15,793	17,153
Accrued interest expense	21,551	18,962
Contract liabilities	202,767	96,244
Rental deposits received from investment properties	3,938	1,897
Advanced receipts of rental income and management fee from tenants	1,279	625
Amounts payable on return of properties	6,141	6,084
Other tax payables	–	33,259
Other payables	43,172	36,738
	<b><u>508,260</u></b>	<b><u>479,180</u></b>

An ageing analysis of trade payables presented based on the invoice date at the end of reporting period is set out as follows:

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
Over 360 days	<u><u>1,076</u></u>	<u><u>1,058</u></u>

## 12. SHARE CAPITAL

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
Authorised:		
50,000,000,000 ordinary shares of HK\$0.01 each (31 December 2020: 5,000,000,000 ordinary shares of HK\$0.1 each)	<u><u>500,000</u></u>	<u><u>500,000</u></u>
	<b>Number of shares '000</b>	<b>Amount HK\$'000</b>
Issued and fully paid:		
At 1 January 2020, 31 December 2020 and 1 January 2021 (ordinary shares of HK\$0.1 each)	2,449,554	244,955
Share consolidation	(2,204,599)	–
Capital reduction	<u>–</u>	<u>(242,506)</u>
At 30 June 2021 (ordinary shares of HK\$0.01 each)	<u><u>244,955</u></u>	<u><u>2,449</u></u>

Reference is made to the Company's circular (the "Circular") dated 14 December 2020. Capitalised terms used herein shall have the same meanings as those defined in the Circular. On 17 November 2020, the Board proposed to implement the Capital Reorganisation involving (1) Share Consolidation of every ten issued and unissued Existing Shares of par value of HK\$0.10 each into one Consolidated Share of par value of HK\$1.00 each; (2) Capital Reduction of the par value of each issued Consolidated Share from HK\$1.00 each to HK\$0.01 each; (3) Share Subdivision of each authorised but unissued Consolidated Share of par value of HK\$1.00 each in the authorised share capital into 100 New Shares of par value of HK\$0.01 each; and (4) the transfer of the credit arising from the Capital Reduction to the contributed surplus account of the Company within the meaning of the Companies Act. The Capital Reorganisation was completed on 25 January 2021.

### **13. LITIGATIONS AND CONTINGENT LIABILITIES**

Save as disclosed below, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any material litigation or claims and, so far as the Directors were aware, no material litigation or claims were pending or threatened by or against any companies of the Group which would likely have adverse effect to the Group:

- i) An Originating Summons was issued and filed with the High Court of Hong Kong on 11th August, 2017 pursuant to Section 732 and 733 of the Companies Ordinance, Cap.622 by the plaintiff, Fourseasons Hong Kong Trading Limited, a shareholder of the Company claiming against the Company as the defendant for leave to bring legal proceedings on behalf of the Company against Tsang Wai Lun Wayland and Kwok Wai Man Nancy, the former executive directors of the Company, Kwok Siu Bun, Kwok Siu Wa Alison, Ma Xuemian, Chow Kwai Wa Anne now known as Chow Kwai Wa Charmaine, Hui Pui Wai Kimber, Liu Chaodong, the Directors of the Company, Tsang Tsz Tung Debbie and Chui Wai Hung, the former non-executive director and Independent non-executive Director of the Company respectively, Surplus Full Development Limited (a BVI company) and Intra Asia Limited, both now are the subsidiaries of the Company and the interested parties in the Xuzhou property project ("Xuzhou Project") and for costs of the proceedings.

The Company upon legal advice opposes the plaintiff's application and has filed its affirmation in opposition and the Plaintiff has paid into Court security for costs of the Defendants. The trial date of these proceedings has not been fixed yet.

In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group. However, the Directors cannot reasonably measure the financial impact of the Group before the conclusion of the said proceedings.

- ii) Under the case no. (2017) Yue 1973 Min Chu no.5565, Chen Huan Chi claims against Dongguan City Zhangmutou Properties Development Limited, Ka Fong company Limited and Grand Field Group Limited, the latter two companies being the subsidiaries of the Company for the dispute over the construction agreements. It was decided that the Defendants had to pay the Plaintiff a total sum of RMB15,480,436.01 and accrued interest. The Defendants appealed to the Dongguan City Intermediate Court under the case (2021) Yu 19 Min Zong No.6899 and the decision has yet to be delivered.

In the opinion of the Directors, the said case has no material impact on the operations of the Group. However, the Directors cannot reasonably measure the financial impact of the Group before the conclusion of the said proceedings.

- iii) Under the case (2019) Yue 1973 Min Chu no. 16767, Chen Huan Chi claims against Ka Fong company Limited, Shing Fat Hong Limited, Shing Fat Hong and Grand Field Group Limited all being the subsidiaries of the Company and Chen Huan Jiang, Dongguan City Zhangmutou Properties Development Limited, Guangxi Jian Gong Holding 3rd Building Construction Limited in respect of disputes over construction agreement for the claimed amount for RMB5,189,100. This case was accepted by the Court on 11th November, 2019 and was heard on 22nd December, 2020 but the decision has yet to be delivered.

In the opinion of the Directors, the said case has no material impact on the operations of the Group. However, the Directors cannot reasonably measure the financial impact of the Group before the conclusion of the said proceedings.

- iv) Under the case (2021) Yu 0307 Min Chu No.4344, Shenzhen Hong Teng Technology Company Limited (深圳紅騰科技有限公司) (“Shenzhen Hong Teng”) sued Shenzhen Zongke Real Estate Co., Ltd. (深圳棕科置業有限公司) (“Shenzhen Zongke”), a subsidiary of the Group in respect of the dispute over the confirmation of identification of shareholders. The claim is for the amount of RMB2,251,200 and was dismissed on 22nd April, 2021 by the People’s Court of Longgong District of Shenzhen City. However, Shenzhen Hong Teng appealed to the Shenzhen City Intermediate People’s Court on 8th June, 2021 and the result thereof has yet to be delivered.

In the opinion of the Directors, the said case has no material impact on the operations of the Group. However, the Directors cannot reasonably measure the financial impact of the Group before the conclusion of the said proceedings.

- v) Under the case (2021) Yu 0307 Min Chu No.22137, Shen Zhen Geology & Construction Company (深圳市地質建設工程公司)sued Shenzhen Zongke for the dispute regarding a construction contract at People's Court of Longgong District, Shenzhen City. The amount claimed is RMB5,752,462.66. The judgment has not been delivered yet.

In the opinion of the Directors, the said case has no material impact on the operations of the Group. However, the Directors cannot reasonably measure the financial impact of the Group before the conclusion of the said proceedings.

- vi) There are claims against Guojin Property Development Limited, a subsidiary company wholly owned by the Company ("Guojin") and its contractor Xu Zhou Chiang Chu Constructions Limited ("Chiang Chu") and/or requests by the Court to Guojin for assistance in execution in respect of the dispute under construction works contract(s) for Xuzhou Project Properties Development Project ("Xuzhou Project"). Some of these cases have been settled and it is expected the rest will be settled shortly. As the Group has reached an amicable agreement with Chiang Chu about the amount of fee outstanding and payable to it regarding XuZhou Project pending the court's decision as to whether the respective amounts should be paid to Chiang Chu or the relevant claimants.

In the opinion of the Directors, the said cases have no material impact on the operations of the Group nor have financial impact on the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. Business Review and Prospect

In 2020, notwithstanding the impact of Covid-19 pandemic and the global economic downturn, the completion certificate and the title certificates of Shenzhen Zongke Mix Park project (the “Project”) of the Group have been issued and the respective units of the residential part of the Project have been delivered to the respective owners and are highly acclaimed.

After the Group’s resumption of works after the lock-down due to the pandemic, we have placed the commercial part of the Project for rent in the beginning of 2021 and have signed with various enterprises the memorandums of intention for rent. The shopping centre, serviced apartments and offices will be officially in service and in operation and will bring to the Group with long-term rental income and cash flows.

Moreover, the management team of the Group is positively putting vacant units of the Project up for rent and searching for new opportunities to acquire projects in order to optimise the Group’s combination of assets as well as improving the rental income.

Although there are various uncertainties in the global capital market, the Group is optimistic about the economy and market in China and will invest cautiously in order to keep down the operational costs and lower the Group’s debt ratio and the impact from the global uncertainties.

## **2. Financial Review**

During the six months ended 30 June 2021 (the “Reporting Period”), the Group’s revenue amounted to approximately HK\$255,091,000 (six months ended 30 June 2020: approximately HK\$1,187,000), representing a 21,390% increase when compared with that of the same period last year. The Group’s revenue was mainly generated from sale of Shenzhen Zongke residential units.

During the Reporting Period, the Group recorded a profit attributable to owners of the Company of approximately HK\$7,056,000 (six months ended 30 June 2020: loss of approximately HK\$19,637,000). The improvement of the result of the Reporting Period was mainly attributed to more profit recorded from the sales of Shenzhen Zongke residential units.

## **3. Liquidity and Financial Resources**

As at 30 June 2021, the Group’s cash and cash equivalents were approximately HK\$94,976,000 (31 December 2020: approximately HK\$60,607,000) of which most were denominated in Hong Kong dollar (“HK\$”) and Renminbi (“RMB”).

As at 30 June 2021, the Group recorded total current assets of approximately HK\$1,432,016,000 (31 December 2020: approximately HK\$623,534,000) and total current liabilities of approximately HK\$1,270,896,000 (31 December 2020: approximately HK\$1,404,819,000). As at 30 June 2021, the Group recorded total assets of approximately HK\$4,253,544,000 (31 December 2020: approximately HK\$4,281,938,000) and the Group’s total interest-bearing borrowings amounted to approximately HK\$582,730,000 (31 December 2020: approximately HK\$679,182,000), of which approximately HK\$582,730,000 (31 December 2020: approximately HK\$632,698,000) are repayable within one year.

As at 30 June 2021, interest-bearing borrowings of the Group amounted to approximately HK\$582,730,000 (31 December 2020: approximately HK\$679,182,000) are denominated in RMB and such borrowings carried interest at fixed rates of 5.66% to 15% per annum (31 December 2020: 5.66% to 15% per annum).

As at 30 June 2021, the Group's gearing ratio, which was defined to be interest-bearing borrowings over shareholders' equity, was approximately 46% (31 December 2020: approximately 55%).

#### 4. Share Capital

	Number of shares	Amount HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.01 each At the end of Reporting Period	<u>50,000,000,000</u>	<u>500,000</u>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.01 each At the end of Reporting Period	<u>244,955,413</u>	<u>2,449</u>

On 21 January 2021, a special resolution was passed at the special general meeting, approving the capital reorganisation by which the issued share capital of the Company was reduced to HK\$2,449,554.13 divided into 244,955,413 shares of par value of HK\$0.01 each with effect from 25 January 2021.

For details of the capital reorganisation, please refer to the announcements of the Company dated 17 November 2020 and 21 January 2021, the circular of the Company dated 14 December 2020 and the next day disclosure return of the Company dated 25 January 2021.

On 17 November 2020 (after trading hours of the Stock Exchange), the Company entered into the conditional subscription agreement dated 17 November 2020 (the “Subscription Agreement”) with Ms. Tsang Tsz Nok Aleen, a substantial shareholder of the Company, pursuant to which the Company conditionally agreed to issue and Ms. Tsang Tsz Nok Aleen conditionally agreed to subscribe for the 5% coupon convertible bond with a 18 months term to be subscribed by Ms. Tsang Tsz Nok Aleen under the Subscription Agreement (the “New Convertible Bond”) (the “Subscription”).

Based on (i) the outstanding principal amount of the 3% coupon convertible bond due on 21 February 2021 issued by the Company to Ms. Tsang Tsz Nok Aleen (the “Old Convertible Bond”) of HK\$112,320,000 on completion of the Subscription and (ii) the net amount receivable from Ms. Tsang Tsz Nok Aleen excluding the provision amounts under the deed of indemnity dated 28 April 2017, which have been determined on 31 December 2020 to offset the outstanding principal amount of the Old Convertible Bond of HK\$12,562,989 (the “Deemed Settlement Amount”) as at 31 December 2020, the New Convertible Bond was issued at a principal amount of HK\$99,757,011. Accordingly, the outstanding principal amount under the Old Convertible Bond was settled.

The New Convertible Bond carries the right to convert into the conversion shares at the conversion price of HK\$0.80 per conversion share (subject to adjustments). Assuming the conversion rights are exercised in full at the conversion price, 124,696,263 new ordinary shares will be allotted and issued to Ms. Tsang Tsz Nok Aleen. Upon full exercise of the conversion rights attaching to the New Convertible Bond, the shareholdings of Ms. Tsang Tsz Nok Aleen will be changed from approximately 28.92% to 52.90% of the total number of issued shares of the Company as enlarged by the issue of the shares of the Company upon the conversion of the New Convertible Bond. All the conditions precedent to the Subscription Agreement have been fulfilled and completion took place on 21 February 2021. Accordingly, the New Convertible Bond in the principal amount of HK\$99,757,011 was issued in accordance with the terms and conditions of the Subscription Agreement.

Details were set out in the announcements of the Company dated 17 November 2020, 14 December 2020, 21 January 2021 and 21 February 2021 and the circular of the Company dated 14 December 2020.

## **5. Exchange Risk**

The Group's major operations are located in the PRC and the main operational currencies are HK\$ and RMB. The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

## **6. Treasury Policies**

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained an appropriate liquidity position throughout the Reporting Period. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial condition of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements from time to time.

## **7. Charge on Group Assets**

As at 30 June 2021, certain completed investment properties located in Xuzhou with fair value of approximately HK\$268,640,000 (31 December 2020: approximately HK\$266,162,000), which were owned by a wholly-owned subsidiary, were pledged to secure for the interest-bearing bank loans with principal amount of RMB45,000,000 (31 December 2020: RMB80,000,000) which is equivalent to approximately HK\$54,135,000 (31 December 2020: approximately HK\$95,352,000).

As at 30 June 2021, certain properties (31 December 2020: properties) situated in Shenzhen owned by Shenzhen Zongke Real Estate Co., Ltd ("Shenzhen Zongke") were pledged for a bank loan with principal amount of approximately RMB380,000,000 (31 December 2020: RMB425,123,000), which is equivalent to approximately HK\$452,922,000 (31 December 2020: HK\$506,704,000).

## 8. Segment Information

The details of segment information are set out in note 4 of notes to the condensed consolidated financial statements of this announcement.

## 9. Capital Commitment

The Group had the following material commitments as at 30 June 2021:

	<b>30 June 2021</b>	31 December 2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Contracted but not provided for:		
Investment properties under development	<b><u>178,516</u></b>	<u>109,631</u>

## 10. Employees

As at 30 June 2021, the Group employed 110 employees (31 December 2020: 88) and appointed 7 Directors (31 December 2020: 7) and the related staff costs for the Reporting Period amounted to approximately HK\$6,920,000 (six months ended 30 June 2020: approximately HK\$4,122,000) representing a 68% increase when compared with that of the same period last year. The increase in staff costs was mainly due to an increase in administrative activities in relation to the Shenzhen Buji Zongke YunDuan project during the Reporting Period. The Group's emolument policies are formulated such that the emoluments are made by reference to the performance of individual employees and will be reviewed every year. Apart from basic salary and statutory provident fund scheme, employees will also be offered discretionary bonus based on the results of the Group and their individual performance.

## **11. Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets**

There were neither significant investments held as at 30 June 2021 nor material acquisitions and disposals of subsidiaries during the Reporting Period.

In 2021, the Company will continue to make intensive efforts to expand its existing business and explore other business opportunities and try to seek opportunities actively to promote diversified business development. The Company will be continuing its effort in mergers and acquisitions deals as a way to expand into new markets and gain additional revenue streams apart from the real estate development. Bearing any further unforeseen material adverse external developments, the Company will continue to adhere to these principles in 2021 and is cautiously optimistic about the Group's further prospects.

## **12. Contingent Liabilities**

The Group did not have any material contingent liabilities as at 30 June 2021 (31 December 2020: Nil).

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 June 2020: Nil).

## **PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has repurchased, sold, redeemed or cancelled any of the Company's listed securities during the Reporting Period.

## **CORPORATE GOVERNANCE**

The Company is committed to the establishment of good corporate governance practices and procedures. The Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report to the Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) (the “CG Code”) during the Reporting Period except for the deviation as disclosed below:

### **Code Provision A.2.1**

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive of the Company should be separate and should not be performed by the same individual.

During the Reporting Period, the role of the chairman of the Company was performed by Mr. Ma Xuemian but the office of the chief executive officer of the Company has been vacated. However, the Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code. Having made specific enquiry to all Directors, the Company was not aware of any non-compliance with the required standard in the Model Code for dealing in securities of the Company during the Reporting Period.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “Audit Committee”) was established on 4 August 1999 with written terms of reference with the requirement stipulated in the CG Code. The latest terms of reference of the Audit Committee were adopted on 1 January 2019 and are available on the Stock Exchange’s and the Company’s websites.

During the Reporting Period and as at the date of this announcement, the Audit Committee has the following members:

## **Independent Non-executive Directors**

Mr. Tsui Matthew Mo Kan (*Chairman*) (appointed on 23 July 2021)

Mr. Wong Sze Lok (*Chairman*) (resigned on 23 July 2021)

Mr. Hui Pui Wai Kimber

Mr. Liu Chaodong

Its primary duties are to monitor integrity of the annual report and accounts and half-year report of the Company and to review significant reporting judgements contained in such reports; to review the Group's financial and accounting policies and practices; to review the Group's financial control, the internal audit function, internal control and risk management system of the Group with particular regard to their effectiveness; to make recommendations to the Board where the monitoring activities of the Audit Committee reveal cause for concern or scope for improvement and to make recommendation to the Board on the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors.

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and has discussed the financial reporting matters including the review of the unaudited interim financial results for the Reporting Period.

## **EVENT AFTER THE REPORTING PERIOD**

On 23 July 2021, Mr. Wong Sze Lok has resigned as an independent non-executive Director, and has ceased to be the chairman of the Audit Committee and a member of each of the Company's nomination committee (the "Nomination Committee"), remuneration committee (the "Remuneration Committee") and corporate governance committee (the "Corporate Governance Committee") and Mr. Tsui Matthew Mo Kan has been appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of each of the Nomination Committee, Remuneration Committee and Corporate Governance Committee.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This announcement is published on the Company's website (<http://www.gfghl.com>) and the Stock Exchange's website (<http://www.hkex.com.hk>). The interim report containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the same websites in due course.

By order of the Board  
**Grand Field Group Holdings Limited**  
**Ma Xuemian**  
*Chairman*

Hong Kong, 27 August 2021

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Ma Xuemian, Mr. Kwok Siu Bun, Ms. Chow Kwai Wa Charmaine and Ms. Kwok Siu Wa Alison; and three independent non-executive Directors, namely Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Mr. Tsui Matthew Mo Kan.*