



鈞濠集團

鈞濠集團有限公司*

GRAND FIELD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

2022
INTERIM REPORT

*Forge Ahead Together to deliver a
Brighter Future*

CONTENTS

	Pages
Corporate Information	2
Condensed Consolidated Statement of Profit or Loss	4
Condensed Consolidated Statement of Comprehensive Income	5
Condensed Consolidated Statement of Financial Position	6
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the Condensed Consolidated Financial Statements	10
Management Discussion and Analysis	30
Other Information	36



CORPORATE INFORMATION

Executive Directors

Mr. Ma Xuemian (*Chairman*)
Mr. Kwok Siu Bun
Ms. Chow Kwai Wa Charmaine
Ms. Kwok Siu Wa Alison

Independent Non-executive Directors

Mr. Hui Pui Wai Kimber
Mr. Liu Chaodong
Mr. Tsui Matthew Mo Kan

Company Secretary

Ms. Lam Yuen Ling Eva

Audit Committee

Mr. Tsui Matthew Mo Kan (*Chairman*)
Mr. Hui Pui Wai Kimber
Mr. Liu Chaodong

Remuneration Committee

Mr. Hui Pui Wai Kimber (*Chairman*)
Mr. Liu Chaodong
Mr. Ma Xuemian
Mr. Tsui Matthew Mo Kan

Nomination Committee

Mr. Liu Chaodong (*Chairman*)
Mr. Ma Xuemian
Mr. Tsui Matthew Mo Kan

Environmental, Social and Governance Committee

Mr. Ma Xuemian (*Chairman*)
Mr. Liu Chaodong
Mr. Tsui Matthew Mo Kan

Authorised Representatives

Ms. Chow Kwai Wa Charmaine
Ms. Kwok Siu Wa Alison

Registered Office in Bermuda

Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

Head Office and Principal Place of Business

Unit 1004B, 10/F,
Tower 5, China Hong Kong City,
33 Canton Road, Tsim Sha Tsui,
Kowloon, Hong Kong

Legal Adviser on Bermuda Law

Conyers Dill & Pearman
2901 One Exchange Square,
8 Connaught Place,
Hong Kong

Legal Adviser on Hong Kong Law

Simon Ho & Co. Solicitors
Room 1502, 15th Floor,
Hong Kong Trade Centre,
161-167 Des Voeux Road Central,
Hong Kong

Auditor

ZHONGHUI ANDA CPA Limited
23/F., Tower 2, Enterprise Square Five,
38 Wang Chiu Road, Kowloon Bay,
Kowloon, Hong Kong

Share Registrar and Transfer Office in Bermuda

Conyers Corporate Services
(Bermuda) Limited
Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Secretaries Limited
17/F., Far East Finance Centre,
16 Harcourt Road,
Hong Kong

Principal Banker

The Bank of East Asia, Limited

Website

<https://www.gfghl.com>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	5	176,563	255,091
Cost of revenue		(171,549)	(124,336)
Gross profit		5,014	130,755
Interest revenue		656	733
Other income		1,372	63
Other gains and losses		(478,573)	706
Selling and distribution costs		(11,853)	(20,007)
Administrative expenses		(81,409)	(28,445)
(Loss)/profit from operations		(564,793)	83,805
Finance costs		(26,122)	(22,674)
Share of losses of associates		(412)	–
Fair value gain on convertible bonds through profit or loss	14	2,564	1,557
(Loss)/profit before tax		(588,763)	62,688
Income tax credit/(expense)	6	111,547	(40,662)
(Loss)/profit for the period	7	(477,216)	22,026
Attributable to:			
Owners of the Company		(317,413)	7,056
Non-controlling interests		(159,803)	14,970
		(477,216)	22,026
(Loss)/earnings per share	8		
Basic (HK cents per share)		(129.6)	2.9
Diluted (HK cents per share)		(129.6)	1.6

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		Six months ended 30 June	
	Notes	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
(Loss)/profit for the period	7	(477,216)	22,026
Other comprehensive (loss)/income			
<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		(2,648)	(3,320)
Exchange differences on translation of foreign operations		(79,981)	26,533
Total comprehensive (loss)/income for the period		(559,845)	45,420
Attributable to:			
Owners of the Company		(364,955)	20,546
Non-controlling interests		(194,890)	24,874
		(559,845)	45,420

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	195,821	224,394
Investment properties		1,764,525	2,394,190
Intangible asset		11,652	12,600
Goodwill		36,773	36,773
Right-of-use assets		8,348	8,995
Investment in an associate		2,053	2,031
		2,019,172	2,678,983
Current assets			
Trade receivables	11	4,232	6,529
Properties for sale under development		682,459	723,833
Properties for sale		291,685	238,031
Other receivables, deposits and prepayments		49,555	50,260
Amount due from a director		606	205
Amount due from associates		586	612
Tax recoverable		89	93
Cash and cash equivalents		59,257	51,582
		1,088,469	1,071,145
Current liabilities			
Trade and other payables	12	488,009	417,410
Interest-bearing borrowings		77,934	222,265
Lease liabilities		436	542
Amounts due to directors	13	14	362
Convertible bonds	14	101,492	101,408
Tax payable		139,858	145,908
		807,743	887,895

	<i>Notes</i>	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Net current assets		280,726	183,250
Total assets less current liabilities		2,299,898	2,862,233
Non-current liabilities			
Deferred tax liabilities		284,066	412,934
Interest-bearing borrowings		579,274	453,065
Lease liabilities		–	189
		863,340	866,188
NET ASSETS		1,436,558	1,996,045
Capital and reserves			
Share capital	15	2,449	2,449
Reserves		673,514	1,038,539
Equity attributable to owners of the Company		675,963	1,040,988
Non-controlling interests		760,595	955,057
TOTAL EQUITY		1,436,558	1,996,045

Approved by:

Chow Kwai Wa, Charmaine
Director

Kwok Siu Wa, Alison
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months Ended 30 June 2022

	Attributable to owners of the Company						Total	Non-controlling interests	Total equity
	Share capital	Share premium account	Special reserve	Capital reserve	Exchange reserve	Retained profit			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2021 (unaudited)	244,955	435,694	(2,215)	(181)	80,092	484,791	1,243,136	1,080,479	2,323,615
Loss for the period (unaudited)	-	-	-	-	-	7,056	7,056	14,970	22,026
Other comprehensive (loss)/income for the period (unaudited)	-	-	-	(3,139)	16,629	-	13,490	9,904	23,394
Total comprehensive (loss)/income for the period (unaudited)	-	-	-	(3,139)	16,629	7,056	20,546	24,874	45,420
Capital reduction (unaudited)	(242,506)	-	-	-	-	242,506	-	-	-
Purchase of non-controlling interests (unaudited)	-	-	-	-	-	(1,751)	(1,751)	1,751	-
At 30 June 2021 (unaudited)	2,449	435,694	(2,215)	(3,320)	96,721	732,602	1,261,931	1,107,104	2,369,035
At 1 January 2022 (unaudited)	2,449	435,694	(2,215)	273	103,693	501,094	1,040,988	955,057	1,996,045
Loss for the period (unaudited)	-	-	-	-	-	(317,413)	(317,413)	(159,803)	(477,216)
Other comprehensive loss for the period (unaudited)	-	-	-	(2,648)	(44,894)	-	(47,542)	(35,087)	(82,629)
Total comprehensive loss for the period (unaudited)	-	-	-	(2,648)	(44,894)	(317,413)	(364,955)	(194,890)	(559,845)
Disposal of a subsidiary (unaudited)	-	-	-	-	(70)	-	(70)	428	358
At 30 June 2022 (unaudited)	2,449	435,694	(2,215)	(2,375)	58,729	183,681	675,963	760,595	1,436,558

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Net cash flows generated from operating activities	21,318	180,425
Cash flows from investing activities		
Additional costs on investment properties	–	(29,714)
Purchase of property, plant and equipment	(935)	(636)
Additional costs on right-of-use assets	(88)	(96)
Proceeds from disposal of property, plant and equipment	–	1
Net cash outflow on disposal of a subsidiary	(18)	–
Net cash flows used in investing activities	(1,041)	(30,445)
Cash flows from financing activities		
Repayment of interest-bearing borrowings	(450,753)	(102,497)
Interests paid	(19,008)	(17,049)
New interest-bearing borrowings raised	462,055	–
Repayment of lease interests and liabilities	(298)	(309)
Net cash flows used in financing activities	(8,004)	(119,855)
Net increase in cash and cash equivalents	12,273	30,125
Effect of foreign exchange rate changes	(4,598)	4,244
Cash and cash equivalents at beginning of period	51,582	60,607
Cash and cash equivalents at end of period	59,257	94,976
Analysis of cash and cash equivalents		
Bank and cash balances	59,257	94,976



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 2021 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 2021.

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 2022. 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. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group’s financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group’s policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

4. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy:

As at 30 June 2022

	Level 1 <i>HK\$'000</i> (Unaudited)	Level 2 <i>HK\$'000</i> (Unaudited)	Level 3 <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Recurring fair value measurements:				
Assets				
Investment properties (completed – PRC)	–	1,764,525	–	1,764,525
Liabilities				
Financial liabilities at fair value through profit or loss				
– Convertible bonds	–	101,492	–	101,492

As at 31 December 2021

	Level 1 <i>HK\$'000</i> (Audited)	Level 2 <i>HK\$'000</i> (Audited)	Level 3 <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Recurring fair value measurements:				
Assets				
Investment properties (completed – PRC)	–	2,394,190	–	2,394,190
Liabilities				
Financial liabilities at fair value through profit or loss				
– Convertible bonds	–	101,408	–	101,408

4. FAIR VALUE MEASUREMENTS (Continued)

- (b) One of the Group's executive directors is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The executive director reports directly to the board of directors for these fair value measurements. Discussions of valuation processes and results are held between the executive director and the board of directors at least twice a year.

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value	Fair value
			as at 30 June 2022	as at 31 December 2021
			HK\$'000 (Unaudited)	HK\$'000 (Audited)
Assets				
Completed investment properties (the PRC)	Market comparable approach	Price per square metre	1,764,525	2,394,190
Liabilities				
Convertible bonds	Binomial model	Share price, discount rate, volatility and conversion price	101,492	101,408

5. 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, hotel operation 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.

	Property development HK\$'000 (Unaudited)	Property investment HK\$'000 (Unaudited)	Hotel operation HK\$'000 (Unaudited)	General trading HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Six months ended 30 June 2022						
Revenue						
External sales	61,496	10,628	-	104,439	-	176,563
Segment result	(38,377)	(496,816)	(927)	962	(1)	(535,159)
Six months ended 30 June 2021						
Revenue						
External sales	240,649	2,537	-	11,805	100	255,091
Segment result	108,582	2,412	-	574	(96)	111,472

5. SEGMENT REPORTING (Continued)

(a) Segment revenue and results (Continued)

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Segment result	(535,159)	111,472
Unallocated income, gains and losses, net	1,608	1,502
Unallocated expenses	(31,242)	(29,169)
(Loss)/profit from operations	(564,793)	83,805
Finance costs	(26,122)	(22,674)
Share of losses of associates	(412)	–
Fair value gain on convertible bonds	2,564	1,557
(Loss)/profit before tax	(588,763)	62,688
Income tax credit/(expense)	111,547	(40,662)
(Loss)/profit for the period	(477,216)	22,026

(b) Segment assets and liabilities

	Property development HK\$'000 (Unaudited)	Property investment HK\$'000 (Unaudited)	Hotel operation HK\$'000 (Unaudited)	General trading HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
As at 30 June 2022						
Segment assets (unaudited)	1,100,010	1,764,525	101,112	3,181	–	2,968,828
Segment liabilities (unaudited)	(169,379)	(284,066)	–	–	–	(453,445)
As at 31 December 2021						
Segment assets (audited)	970,369	2,394,190	108,665	3,236	–	3,476,460
Segment liabilities (audited)	(170,192)	(412,934)	–	–	–	(583,126)

6. INCOME TAX CREDIT/(EXPENSE)

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Current tax		
– Enterprise Income Tax in the People’s Republic of China (the “PRC”)	–	(11,482)
– Land Appreciation Tax (“LAT”) in the PRC	(2,755)	(29,283)
Deferred tax	114,302	103
	111,547	(40,662)

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.

7. (LOSS)/PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Amortisation of intangible assets	414	412
Depreciation of property, plant and equipment	5,937	3,577
Depreciation of right-of-use assets	643	373
Staff costs (including directors' remuneration):		
– salaries, bonuses and allowances	6,776	6,486
– retirement benefits scheme contributions	389	434
	7,165	6,920
Fair value loss on investment properties*	453,820	–
Impairment loss of properties for sale under development*	10,395	–
Impairment loss of property, plant and equipment*	13,937	–

* These amounts were included in the "other gains and losses".

8. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

Basic loss (six months ended 30 June 2021: earnings) per share is calculated based on the loss (six months ended 30 June 2021: earnings) for the period attributable to the owners of the Company of approximately HK\$317,413,000 (six months ended 30 June 2021: HK\$7,056,000) and on the weighted average number of approximately 244,955,000 ordinary shares (six months ended 30 June 2021: 244,955,000 ordinary shares).

Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2021 based on the earnings 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 HK\$'000 (Unaudited)
Earnings	
Earnings for the purpose of calculating basic earnings per share	7,056
Fair value gain on conversion of convertible bonds through profit or loss	(1,557)
Earnings for the purpose of calculating diluted earnings per share	5,499

8. (LOSS)/EARNINGS PER SHARE (Continued)

Diluted earnings per share (Continued)

	30 June 2022 '000 (Unaudited)
Number of shares	
Weighted average number of ordinary shares	244,955
Effect of deemed issue of shares upon conversion of convertible bonds	89,561
	334,516

The effect of convertible bonds is anti-dilutive during the six months ended 30 June 2022.

9. DIVIDENDS

No dividend was paid, declared or proposed during the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, property, plant and equipment of approximately HK\$935,000 were acquired by the Group (six months ended 30 June 2021: HK\$636,000). Property, plant and equipment of approximately HK\$42,000 were disposed of through the disposal of a subsidiary by the Group during the period. Properties of approximately HK\$81,998,000 were transferred from investment properties to completed properties held for sale during the period.

The Group carried out reviews of the recoverable amount of certain land and buildings of the Group during the period on an individual basis. An impairment loss of approximately HK\$13,937,000 was recognised in profit or loss for the six months ended 30 June 2022.

11. 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:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
0 – 90 days	3,624	3,511
91 – 180 days	152	1,033
181 – 365 days	456	–
Over 365 days	–	1,985
	4,232	6,529

12. TRADE AND OTHER PAYABLES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Trade payables to building contractors	803	1,063
Accruals of cost for contract works	270,190	271,271
Deferred income	21,192	22,916
Accrued salaries and other operating expenses	20,723	19,414
Accrued interest expense	19,615	19,624
Contract liabilities	37,946	24,316
Rental deposits received from tenants	4,397	5,028
Amounts payable on return of properties	6,474	6,332
Provision for compensation of a legal case (Note 17(ii))	49,242	–
Other tax payables	2,462	1,773
Other payables	54,965	45,673
	488,009	417,410

12. TRADE AND OTHER PAYABLES (Continued)

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Over 360 days past due	803	1,063

13. AMOUNTS DUE TO DIRECTORS

Amounts due to directors are unsecured, interest free and repayable on demand.

14. CONVERTIBLE BONDS

References are made to the Company's circular (the "Circular") dated 14 December 2020 and the Company's announcements dated 21 January 2021 and 21 February 2021. Capitalised terms used herein shall have the same meanings as those defined in the Circular. On 21 February 2021, New Convertible Bond with the principal amount of HK\$99,757,011 were issued to settle the existing Convertible Bond after netting off the Deemed Settlement Amount of HK\$12,562,989. The New Convertible Bond are denominated in HK\$, carry interest rate of 5% per annum and will be matured in 18 months from date of issue. The conversion price of the New Convertible Bond is HK\$0.8 per New Share of the Company and approximately 124,696,000 New Shares will be issued upon full conversion of the New Convertible Bond.

The New Convertible Bond are measured as financial liabilities at fair value through profit or loss and are subsequently measured at fair value. Gains or losses arising from changes in fair value of these financial liabilities are recognised in profit or loss.

14. CONVERTIBLE BONDS (CONTINUED)

The movements of the Group's New Convertible Bond are as follows:

	<i>HK\$'000</i>
Fair value as at 1 January 2022 (audited)	101,408
Fair value gain on the New Convertible Bond through profit or loss	(2,564)
Fair value loss on financial liabilities designated at fair value through profit or loss attributable to change in credit risk (unaudited)	2,648
<hr/>	
Fair value as at 30 June 2022 (unaudited)	<hr/> 101,492

The amount of change in the fair value of the financial liability that was attributable to changes in the credit risk of that liability is recognised in other comprehensive income.

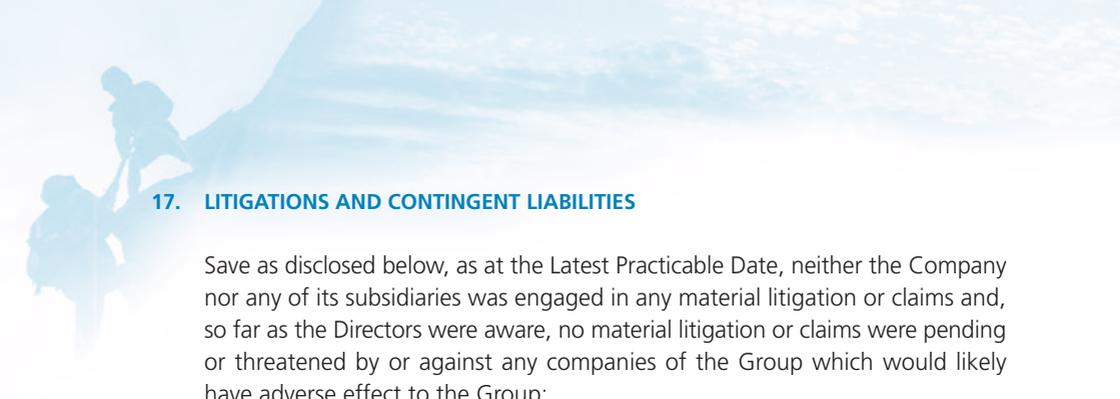
15. SHARE CAPITAL

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Authorised:		
50,000,000,000 ordinary shares of HK\$0.01 each (31 December 2021: 50,000,000,000 ordinary shares of HK\$0.01 each)	500,000	500,000

	Number of shares '000	Amount HK\$'000
Issued and fully paid:		
At 1 January 2022 and 30 June 2022 (ordinary shares of HK\$0.01 each)	244,955	2,449

16. EVENTS AFTER THE REPORTING PERIOD

On 12 August 2022, the Company and the bondholder of the New Convertible Bond entered into a standstill agreement (the "Standstill Agreement") to extend the time of repayment of all amounts outstanding under the New Convertible Bond, which was matured on 20 August 2022, to 30 November 2022 with interest rate unchanged. As at the date of this report, the Company is in the process of negotiation with the bondholder for the subscription of a new convertible bond to repay all amounts outstanding under the New Convertible Bond. If the proposed subscription of the new convertible bond is materialised, the expiry date of the Standstill Agreement will be the date of completion of the said subscription or 30 November 2022, whichever is earlier. Moreover, the conversion rights under the Convertible Bond will be extinguished pursuant to its terms on 22 August 2022. Details of the above arrangement are set out in the Company's announcement dated 12 August 2022.



17. 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.

17. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

- 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 Industrial Company, Limited (“Ka Fong”) and Grand Field Group Limited, the latter two companies being the subsidiaries of the Company for the dispute over the construction agreements. By the Judgment of Dongguang the 3rd People’s Court, it was adjudged that Ka Fong do pay to the said Chen Huan Chi approximately RMB15,480,000 and accrued interest thereon out of which approximately RMB15,080,000 from 13 March 1996 and approximately RMB400,000 from 13 February 1997 both until 19 August 2019 are at the Financial Institutions Base Rate as pronounced by the People’s Bank of China for the said period of time and as from 20 August 2019 until payment at the Loan Prime Rate pronounced by the National Interbank Funding Centre for the said period of time. Ka Fong appealed against the said judgment. The Appeal was dismissed by Dongguang City Intermediate People’s Court on 23rd May 2022 and the said judgment was upheld.

As advised by the Company’s PRC legal advisers, the Directors considered that despite Ka Fong has the right to apply for re-trial, which Ka Fong intends to do so after the process of service of the said judgment has been completed, it is highly probable that the result of the re-trial will not be in favour of Ka Fong. As a result, the Group has made a provision of the compensation of approximately RMB42,037,000 (equivalent to approximately HK\$50,724,000), which was calculated basing on the principal amount of approximately RMB15,480,000 and the accrued interest of approximately RMB26,557,000 for the aforesaid periods and rates from 13 March 1996 up to 30 June 2022 as ordered by the said judgment to the consolidated profit or loss for the six months ended 30 June 2022.



17. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

- iii) Under the case No.(2022) he 0111 Min Chu No.864, Xingfu Jiari Hotel Management (Shenzhen) Company Limited, a subsidiary of the Company claims against Zhejiang Beishen Wen Lu Development Company Limited and six other companies arising from the dispute over loan agreement for the sum of RMB30 million and interest thereon to be paid by Zhejiang Beishen Wen Lu Development Company Limited and the other defendants shall have collateral liabilities. The case was heard on 7th July, 2022 but the result has yet to be delivered and all the Defendants therein have not raised any counterclaim.

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.

- iv) 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.

18. SUBSIDIARIES

Details of the Group's subsidiaries as at 30 June 2022 are as follows:

Name of subsidiary	Place/country of incorporation (or establishment)/ operations	Particulars of issued and paid-up capital/ registered capital	Proportion of ownership interest as at 30 June 2022	Proportion of ownership interest as at 31 December 2021	Principal activities
Directly held by the Company:					
Grand Field Group Holdings (BVI) Limited	The British Virgin Islands/ Hong Kong	US\$1	100%	100%	Investment holding
Grand Field Group Investments (BVI) Limited	The British Virgin Islands/ Hong Kong	US\$1	100%	100%	Investment holding
Surplus Full Development Limited	The British Virgin Islands/ Hong Kong	US\$1	100%	100%	Investment holding
Indirectly held through subsidiaries:					
Grand Field Group Limited	Hong Kong/ Hong Kong	Ordinary shares of HK\$200 and non-voting deferred shares of HK\$200	100%	100%	Investment holding
鈞濠房地產開發(深圳)有限公司 (Note (i))	The PRC/The PRC	HK\$18,143,491	100%	100%	Property development and property investment
Ka Fong Industrial Company, Limited	Hong Kong/ The PRC	Ordinary shares of HK\$200 and non-voting deferred shares of HK\$200,000	100%	100%	Property development and property investment
Shing Fat Hong Limited	Hong Kong/ The PRC	Ordinary shares of HK\$4 and non-voting deferred shares of HK\$2	100%	100%	Property development and property investment

18. SUBSIDIARIES (Continued)

Name of subsidiary	Place/country of incorporation (or establishment)/ operations	Particulars of issued and paid-up capital/ registered capital	Proportion of ownership interest as at 30 June 2022	Proportion of ownership interest as at 31 December 2021	Principal activities
Shenzhen Zongke (Note (ii))	"The PRC/ The PRC	RMB352,903,193	50%	50%	Property development and property investment
濠康國際供應鏈(深圳)有限公司 (Note (i))	The PRC/The PRC	RMB6,000,000	100%	100%	Trading
G & H International Holding Limited	Hong Kong/ Hong Kong	HK\$2,000,000	100%	100%	Investment holding
幸福假日酒店管理(深圳)有限公司 (formerly known as 鈞濠酒店管理(深圳)有限公司) (Note (i))	The PRC/The PRC	HK\$5,000,000	100%	100%	Investment holding
Intra Asia Limited	The British Virgin Islands/ Hong Kong	US\$1	100%	100%	Investment holding
Golden State (HK) Limited	Hong Kong/ Hong Kong	HK\$10,000	100%	100%	Investment holding
徐州國金房地產開發有限公司 (Note (i))	The PRC/The PRC	HK\$70,000,000	100%	100%	Property development and property investment
深圳市合生壹聯貿易有限公司 (Note (i))	The PRC/The PRC	RMB20,000,000	100%	100%	Financial arrangement
徐州市鈞濠假日酒店有限公司 (Note (i))	The PRC/The PRC	RMB5,000,000	100%	100%	Dormant
深圳市鈞濠商業管理有限公司 (Note (ii))	The PRC/The PRC	RMB3,000,000	50%	50%	Property investment

18. SUBSIDIARIES (Continued)

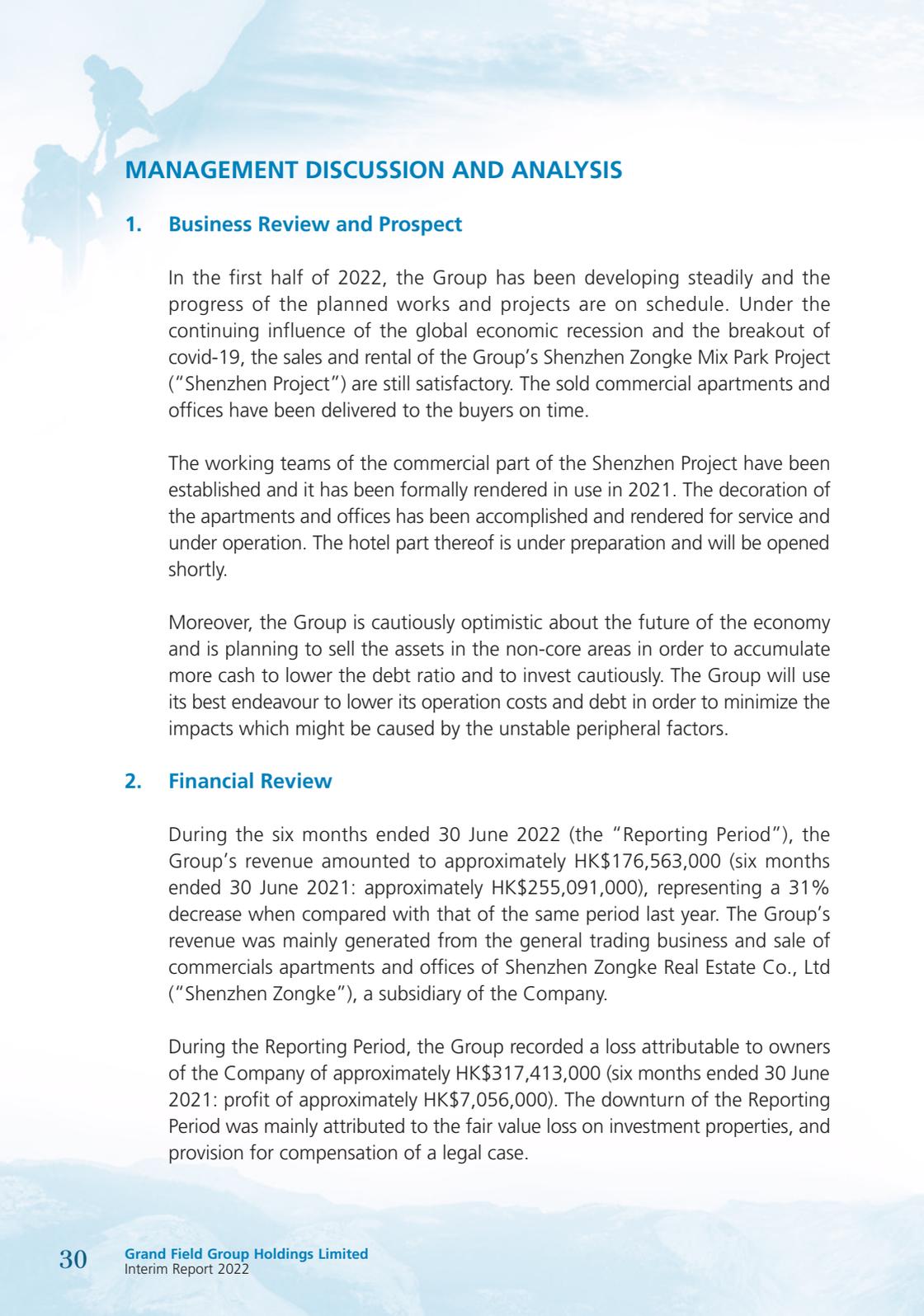
Name of subsidiary	Place/country of incorporation (or establishment)/ operations	Particulars of issued and paid-up capital/ registered capital	Proportion of ownership interest as at 30 June 2022	Proportion of ownership interest as at 31 December 2021	Principal activities
H & F Trading Corporation Limited	Hong Kong/ Hong Kong	HK\$100,000	100%	100%	Dormant
鈞豪科技(深圳)有限公司 (formerly known as 深圳市必爆科技管理有限公司) (Note (ii) & (iii))	The PRC/The PRC	RMB1,000,000	40%	40%	Provision of service
大爆影視(深圳)有限公司 (Note (iii))	The PRC/The PRC	RMB1,000,000	72.5%	72.5%	Investment holding

Notes:

- (i) The subsidiary is a wholly foreign-owned enterprise incorporated in the PRC
- (ii) The subsidiary is a sino-foreign equity joint venture incorporated in the PRC
- (iii) The subsidiary became an associate of the Group on 12 April 2022

19. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Group's condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 August 2022.



MANAGEMENT DISCUSSION AND ANALYSIS

1. Business Review and Prospect

In the first half of 2022, the Group has been developing steadily and the progress of the planned works and projects are on schedule. Under the continuing influence of the global economic recession and the breakout of covid-19, the sales and rental of the Group's Shenzhen Zongke Mix Park Project ("Shenzhen Project") are still satisfactory. The sold commercial apartments and offices have been delivered to the buyers on time.

The working teams of the commercial part of the Shenzhen Project have been established and it has been formally rendered in use in 2021. The decoration of the apartments and offices has been accomplished and rendered for service and under operation. The hotel part thereof is under preparation and will be opened shortly.

Moreover, the Group is cautiously optimistic about the future of the economy and is planning to sell the assets in the non-core areas in order to accumulate more cash to lower the debt ratio and to invest cautiously. The Group will use its best endeavour to lower its operation costs and debt in order to minimize the impacts which might be caused by the unstable peripheral factors.

2. Financial Review

During the six months ended 30 June 2022 (the "Reporting Period"), the Group's revenue amounted to approximately HK\$176,563,000 (six months ended 30 June 2021: approximately HK\$255,091,000), representing a 31% decrease when compared with that of the same period last year. The Group's revenue was mainly generated from the general trading business and sale of commercials apartments and offices of Shenzhen Zongke Real Estate Co., Ltd ("Shenzhen Zongke"), a subsidiary of the Company.

During the Reporting Period, the Group recorded a loss attributable to owners of the Company of approximately HK\$317,413,000 (six months ended 30 June 2021: profit of approximately HK\$7,056,000). The downturn of the Reporting Period was mainly attributed to the fair value loss on investment properties, and provision for compensation of a legal case.

3. Liquidity and Financial Resources

As at 30 June 2022, the Group's cash and cash equivalents were approximately HK\$59,257,000 (31 December 2021: approximately HK\$51,582,000) of which most were denominated in Hong Kong dollar ("HK\$") and Renminbi ("RMB").

As at 30 June 2022, the Group recorded total current assets of approximately HK\$1,088,469,000 (31 December 2021: approximately HK\$1,071,145,000) and total current liabilities of approximately HK\$807,743,000 (31 December 2021: approximately HK\$887,895,000). As at 30 June 2022, the Group recorded total assets of approximately HK\$3,107,641,000 (31 December 2021: approximately HK\$3,750,128,000) and the Group's total interest-bearing borrowings amounted to approximately HK\$657,208,000 (31 December 2021: approximately HK\$675,330,000), of which approximately HK\$77,934,000 (31 December 2021: approximately HK\$222,265,000) are repayable within one year.

As at 30 June 2022, interest-bearing borrowings of the Group amounted to approximately HK\$657,208,000 (31 December 2021: approximately HK\$675,330,000) are denominated in RMB and such borrowings carried interest at fixed rates of 6.5% to 12% per annum (31 December 2021: 6.5% to 12% per annum).

As at 30 June 2022, the Group's gearing ratio, which was defined to be interest-bearing borrowings over shareholders' equity, was approximately 97% (31 December 2021: approximately 65%).

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

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 2022, certain properties (31 December 2021: properties) situated in Shenzhen owned by Shenzhen Zongke were pledged for several bank loans with principal amounts of approximately RMB494,515,000 (31 December 2021: RMB448,405,000), which is equivalent to approximately HK\$579,274,000 (31 December 2021: HK\$549,072,000).

As at 31 December 2021, certain completed investment properties located in Xuzhou with fair value of approximately HK\$259,115,000, which were owned by a wholly-owned subsidiary, were pledged to secure for the interest-bearing bank loans with principal amount of RMB39,000,000 which is equivalent to approximately HK\$47,756,000.

8. Segment Information

The details of segment information are set out in note 5 of notes to the condensed consolidated financial statements of this report.

9. Capital Commitment

The Group had the following material commitments as at 30 June 2022:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Contracted but not provided for: Investment properties and properties for sale under development	94,649	99,552

10. Employees

As at 30 June 2022, the Group employed 132 employees (31 December 2021: 106) and appointed 7 Directors (31 December 2021: 7) and the related staff costs for the Reporting Period amounted to approximately HK\$7,165,000 (six months ended 30 June 2021: approximately HK\$6,920,000) representing a 4% 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 2022 nor material acquisitions and disposals of subsidiaries during the Reporting Period.

In 2022, 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 2022 and is cautiously optimistic about the Group's further prospects.

12. Contingent Liabilities

The details of the information of the Group's contingent liabilities are set out in note 17 of notes to the condensed consolidated financial statements of this report.

OTHER INFORMATION

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 June 2021: Nil).

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of Directors	Capacity/ Nature of interests	Number of ordinary share(s) held	Number of shares held pursuant to share options	Total	Total interests as percentage of the total number of issued shares
Kwok Siu Bun	Beneficial Owner	150,000(L)	–	150,000(L)	0.06%
Chow Kwai Wa Charmaine	Beneficial Owner	195,000(L)	–	195,000(L)	0.08%
Kwok Siu Wa Alison	Beneficial Owner	300,000(L)	–	300,000(L)	0.12%

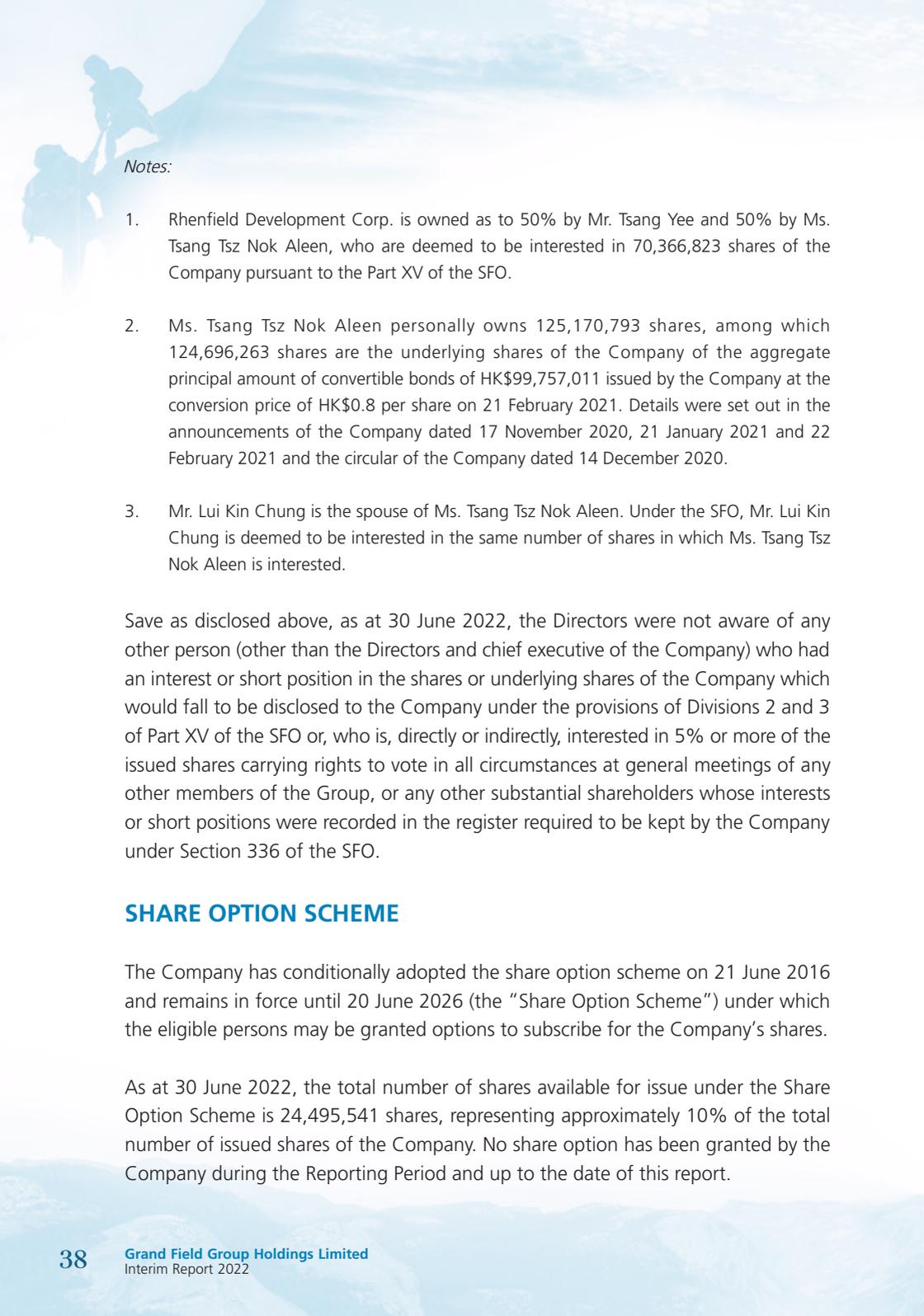
(L): Long position

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2022, so far as is known to the Directors, the following parties (other than the Directors and chief executives of the Company) had interests of 5% or more in the total number of issued shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholders	Capacity/ Nature of interests	Number of ordinary share(s) held	Number of underlying shares held	Total interests as percentage of the total number of issued shares
Rhenfield Development Corp. <i>(Note 1)</i>	Beneficial Owner	70,366,823	–	28.73%
Tsang Yee	Interest in Controlled Corporation <i>(Note 1)</i>	70,366,823	–	28.73%
Tsang Tsz Nok Aleen	Beneficial Owner	474,530	124,696,263 <i>(Note 2)</i>	51.10%
	Interest in Controlled Corporation <i>(Note 1)</i>	70,366,823	–	28.73%
Lui Kin Chung <i>(Note 3)</i>	Interest of spouse	70,841,353	124,696,263	79.83%
周偉康	Beneficial Owner	14,869,514	–	6.07%



Notes:

1. Rhenfield Development Corp. is owned as to 50% by Mr. Tsang Yee and 50% by Ms. Tsang Tsz Nok Aleen, who are deemed to be interested in 70,366,823 shares of the Company pursuant to the Part XV of the SFO.
2. Ms. Tsang Tsz Nok Aleen personally owns 125,170,793 shares, among which 124,696,263 shares are the underlying shares of the Company of the aggregate principal amount of convertible bonds of HK\$99,757,011 issued by the Company at the conversion price of HK\$0.8 per share on 21 February 2021. Details were set out in the announcements of the Company dated 17 November 2020, 21 January 2021 and 22 February 2021 and the circular of the Company dated 14 December 2020.
3. Mr. Lui Kin Chung is the spouse of Ms. Tsang Tsz Nok Aleen. Under the SFO, Mr. Lui Kin Chung is deemed to be interested in the same number of shares in which Ms. Tsang Tsz Nok Aleen is interested.

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the issued shares carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme on 21 June 2016 and remains in force until 20 June 2026 (the “Share Option Scheme”) under which the eligible persons may be granted options to subscribe for the Company’s shares.

As at 30 June 2022, the total number of shares available for issue under the Share Option Scheme is 24,495,541 shares, representing approximately 10% of the total number of issued shares of the Company. No share option has been granted by the Company during the Reporting Period and up to the date of this report.

DIRECTORS' RIGHTS TO ACQUIRE SHARE OR DEBENTURES

Apart from as disclosed under the heading "DIRECTORS' INTERESTS IN SHARES", at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

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 part 2 of the Corporate Governance Code to the Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "CG Code") (the "Listing Rules") during the Reporting Period except for the deviation as disclosed below:

Code Provision C.2.1

According to the code provision C.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. Given all major decisions are reserved to the Board, the Company considers that there is an adequate balance of power and authority in place between the Board and the management of the Company. 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 report, the Audit Committee has the following members:

Independent Non-executive Directors

Mr. Tsui Matthew Mo Kan (*Chairman*)

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, reappointment 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.

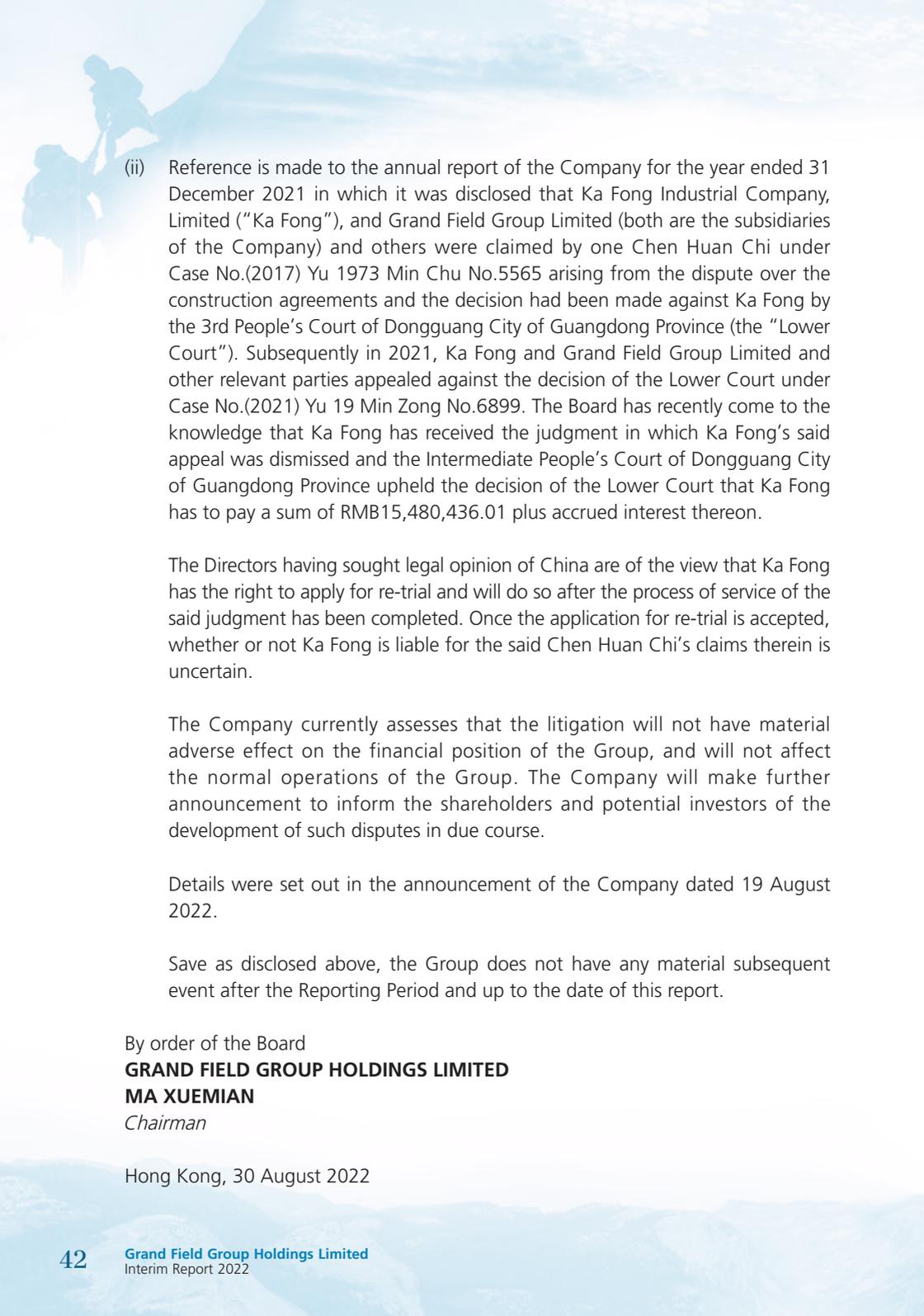
EVENTS AFTER THE REPORTING PERIOD

- (i) On 12 August 2022 (after trading hours), the Company has entered into a standstill agreement (the “Standstill Agreement”) with Ms. Tsang Tsz Nok Aleen, the bondholder, to extend the time of repayment of all amounts outstanding under the New Convertible Bond to 30 November 2022 with interest rate unchanged. If the proposed subscription of another new convertible bond is materialised, the expiry date of the Standstill Agreement will be the date of completion of the said subscription or 30 November 2022, whichever is earlier. Moreover, the conversion rights under the New Convertible Bond will be extinguished pursuant to its terms on 22 August 2022.

As a result of the entering into of the Standstill Agreement, the Company has not defaulted and will not be in a position of default in repaying the New Convertible Bond from 22 August 2022 to 30 November 2022.

On 12 August 2022 (after trading hours), the Company has also entered into an offset agreement (the “Offset Agreement”) with Ms. Tsang Tsz Nok Aleen pursuant to which the outstanding principal amount of the New Convertible Bond on 22 August 2022 shall be offset by the net amount receivable from Ms. Tsang Tsz Nok Aleen, excluding the provision amount(s), as at 31 July 2022 (which amounted to approximately HK\$7,272,114.85) under the deed of indemnity dated 28 April 2017 entered into by and between Ms. Tsang Tsz Nok Aleen and Surplus Full Development Limited, a wholly owned subsidiary of the Company. Accordingly, taking into account the Offset Agreement, the outstanding principal amount of the New Convertible Bond as at 22 August 2022 was approximately HK\$94,985,654.09, calculated based on (i) the original principal amount of the New Convertible Bond of HK\$99,757,011.00; (ii) the outstanding interest of the New Convertible Bond due on 22 August 2022 of approximately HK\$2,500,757.94; and (iii) the offset amount as stated above.

Details were set out in the section headed “Share Capital” on pages 32 to 33 of this report and the announcement of the Company dated 12 August 2022.

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- (ii) Reference is made to the annual report of the Company for the year ended 31 December 2021 in which it was disclosed that Ka Fong Industrial Company, Limited (“Ka Fong”), and Grand Field Group Limited (both are the subsidiaries of the Company) and others were claimed by one Chen Huan Chi under Case No.(2017) Yu 1973 Min Chu No.5565 arising from the dispute over the construction agreements and the decision had been made against Ka Fong by the 3rd People’s Court of Dongguang City of Guangdong Province (the “Lower Court”). Subsequently in 2021, Ka Fong and Grand Field Group Limited and other relevant parties appealed against the decision of the Lower Court under Case No.(2021) Yu 19 Min Zong No.6899. The Board has recently come to the knowledge that Ka Fong has received the judgment in which Ka Fong’s said appeal was dismissed and the Intermediate People’s Court of Dongguang City of Guangdong Province upheld the decision of the Lower Court that Ka Fong has to pay a sum of RMB15,480,436.01 plus accrued interest thereon.

The Directors having sought legal opinion of China are of the view that Ka Fong has the right to apply for re-trial and will do so after the process of service of the said judgment has been completed. Once the application for re-trial is accepted, whether or not Ka Fong is liable for the said Chen Huan Chi’s claims therein is uncertain.

The Company currently assesses that the litigation will not have material adverse effect on the financial position of the Group, and will not affect the normal operations of the Group. The Company will make further announcement to inform the shareholders and potential investors of the development of such disputes in due course.

Details were set out in the announcement of the Company dated 19 August 2022.

Save as disclosed above, the Group does not have any material subsequent event after the Reporting Period and up to the date of this report.

By order of the Board

GRAND FIELD GROUP HOLDINGS LIMITED

MA XUEMIAN

Chairman

Hong Kong, 30 August 2022