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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)

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023 and the comparative figures as set out below:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2023*

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited and restated)
<b>Revenue</b>	4	<b>110,349</b>	74,186
Cost of revenue		<b>(83,709)</b>	(70,214)
<b>Gross profit</b>		<b>26,640</b>	3,972
Interest revenue		<b>911</b>	656
Other income		–	1,372
Other losses		<b>(386)</b>	(478,573)
Selling and distribution costs		<b>(7,864)</b>	(11,853)
Administrative expenses		<b>(30,328)</b>	(81,409)

\* For identification purpose only

		<b>Six months ended</b>	
		<b>30 June</b>	
		<b>2023</b>	2022
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Unaudited and restated)
<b>Loss from operations</b>		<b>(11,027)</b>	(565,835)
Finance costs		<b>(24,611)</b>	(26,122)
Share of loss of an associate		<b>(247)</b>	(412)
Fair value (loss)/gain on convertible bonds through profit or loss		<b>(8,876)</b>	2,564
		<u>(44,761)</u>	<u>(589,805)</u>
<b>Loss before tax</b>		<b>(44,761)</b>	(589,805)
Income tax (expenses)/credit	5	<b>(4,493)</b>	111,547
		<u>(49,254)</u>	<u>(478,258)</u>
<b>Loss for the period</b>	6	<b>(49,254)</b>	(478,258)
<b>Attributable to:</b>			
Owners of the Company		<b>(31,068)</b>	(318,455)
Non-controlling interests		<b>(18,186)</b>	(159,803)
		<u>(49,254)</u>	<u>(478,258)</u>
<b>Loss per share</b>			
Basic ( <i>HK cents per share</i> )	7	<b>(12.7)</b>	(130.0)
		<u>(12.7)</u>	<u>(130.0)</u>
Diluted ( <i>HK cents per share</i> )	7	<b>(12.7)</b>	(130.0)
		<u>(12.7)</u>	<u>(130.0)</u>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended	
		30 June	
	Note	2023	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited and restated)
Loss for the period	6	<u>(49,254)</u>	<u>(478,258)</u>
<b>Other comprehensive loss</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain/(loss) on financial liabilities designated at fair value through profit or loss attributable to change in credit risk		2,129	(2,648)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>(57,057)</u>	<u>(79,951)</u>
<b>Total comprehensive loss for the period</b>		<b><u>(104,182)</u></b>	<b><u>(560,857)</u></b>
<b>Attributable to:</b>			
Owners of the Company		(57,665)	(365,967)
Non-controlling interests		<u>(46,517)</u>	<u>(194,890)</u>
		<b><u>(104,182)</u></b>	<b><u>(560,857)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		<b>30 June</b>	31 December
		<b>2023</b>	2022
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>180,193</b>	194,619
Investment properties		<b>1,672,781</b>	1,765,736
Intangible asset		<b>9,987</b>	10,834
Right-of-use assets		<b>8,408</b>	7,709
Investment in an associate		<b>1,001</b>	1,295
		<b>1,872,370</b>	1,980,193
<b>Current assets</b>			
Trade receivables	10	<b>4,629</b>	3,843
Properties for sale under development		<b>478,491</b>	544,319
Properties for sale		<b>189,372</b>	204,464
Other receivables, deposits and prepayments		<b>56,459</b>	61,582
Amount due from a director		<b>812</b>	688
Amount due from an associate		<b>539</b>	564
Tax recoverable		<b>20</b>	188
Cash and cash equivalents		<b>66,482</b>	25,418
		<b>796,804</b>	841,066

		<b>30 June</b>	31 December
		<b>2023</b>	2022
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>352,203</b>	412,323
Interest-bearing borrowings		<b>222,515</b>	210,321
Lease liabilities		<b>472</b>	189
Amounts due to directors		<b>12</b>	13
Convertible bonds		<b>94,778</b>	–
Tax payable		<b>119,521</b>	122,439
		<b>789,501</b>	745,285
<b>Net current assets</b>		<b>7,303</b>	95,781
<b>Total assets less current liabilities</b>		<b>1,879,673</b>	2,075,974
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>275,009</b>	287,780
Convertible bonds		–	90,884
Interest-bearing borrowings		<b>448,896</b>	438,154
Lease liabilities		<b>991</b>	–
		<b>724,896</b>	816,818
<b>NET ASSETS</b>		<b>1,154,777</b>	1,259,156
<b>Capital and reserves</b>			
Share capital	<i>12</i>	<b>2,449</b>	2,449
Reserves		<b>509,029</b>	566,694
Equity attributable to owners of the Company		<b>511,478</b>	569,143
Non-controlling interests		<b>643,299</b>	690,013
<b>TOTAL EQUITY</b>		<b>1,154,777</b>	1,259,156

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

*For the six months ended 30 June 2023*

## **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 Office A, 19/F., KingsWing Plaza 1, 3 On Kwan Street, Shek Mun, Shatin, New Territories, 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 2022 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 2022.

## 2.1 Prior year adjustments

Reference is made to the announcement by the Company dated 24 March 2023 in respect of the incident that G&H International Supply Chain (Shenzhen) Limited, a wholly owned subsidiary of the Company (the “**Subsidiary**”) was alleged to have been defrauded by its business partner through a series of fictitious transactions.

		Six months Ended 6/30/2022 (previously reported) <i>HK\$'000</i> (Unaudited)	Prior year adjustments <i>HK\$'000</i> (Unaudited)	Six months Ended 6/30/2022 (Restated) <i>HK\$'000</i> (Unaudited)
<b>Revenue</b>	(a)	176,563	(102,377)	74,186
Cost of revenue	(a)	<u>(171,549)</u>	<u>101,335</u>	<u>(70,214)</u>
<b>Gross profit</b>		5,014	(1,042)	3,972
Interest revenue		656	–	656
Other income		1,372	–	1,372
Other losses		(478,573)	–	(478,573)
Selling and distribution costs		(11,853)	–	(11,853)
Administrative expenses		<u>(81,409)</u>	<u>–</u>	<u>(81,409)</u>
<b>Loss from operations</b>		(564,793)	(1,042)	(565,835)
Finance costs		(26,122)	–	(26,122)
Share of loss of an associate		(412)	–	(412)
Fair value gain on convertible bonds through profit or loss		<u>2,564</u>	<u>–</u>	<u>2,564</u>
<b>Loss before tax</b>		(588,763)	(1,042)	(589,805)
Income tax credit		<u>111,547</u>	<u>–</u>	<u>111,547</u>
<b>Loss for the period</b>		(477,216)	(1,042)	(478,258)

	Six months Ended 6/30/2022 (previously reported) <i>HK\$'000</i> (Unaudited)	Prior year adjustments <i>HK\$'000</i> (Unaudited)	Six months Ended 6/30/2022 (Restated) <i>HK\$'000</i> (Unaudited)
<b>Other comprehensive loss</b>			
<i>Item that will not be reclassified 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	(2,648)	–	(2,648)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	<u>(79,981)</u>	<u>30</u>	<u>(79,951)</u>
<b>Total comprehensive loss for the period</b>	<b><u>(559,845)</u></b>	<b><u>(1,012)</u></b>	<b><u>(560,857)</u></b>
<b>Loss for the period attributable to:</b>			
Owners of the Company	(317,413)	(1,042)	(318,455)
Non-controlling interests	<u>(159,803)</u>	<u>–</u>	<u>(159,803)</u>
	<b><u>(477,216)</u></b>	<b><u>(1,042)</u></b>	<b><u>(478,258)</u></b>
<b>Total comprehensive loss for the period attributable to:</b>			
Owners of the Company	(364,955)	(1,012)	(365,967)
Non-controlling interests	<u>(194,890)</u>	<u>–</u>	<u>(194,890)</u>
	<b><u>(559,845)</u></b>	<b><u>(1,012)</u></b>	<b><u>(560,857)</u></b>

*Note:*

- a. To adjust the revenue and respective cost of revenue arisen from a series of fictitious transactions.

### 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 2023. 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, 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 <i>HK\$’000</i> (Unaudited)	Property investment <i>HK\$’000</i> (Unaudited)	Hotel operation <i>HK\$’000</i> (Unaudited)	General trading <i>HK\$’000</i> (Unaudited)	Others <i>HK\$’000</i> (Unaudited)	Total <i>HK\$’000</i> (Unaudited)
<b>Six months ended</b>						
<b>30 June 2023</b>						
<b>Revenue</b>						
External sales	<u>82,269</u>	<u>12,920</u>	<u>3,689</u>	<u>3,139</u>	<u>8,332</u>	<u>110,349</u>
Segment result	<u>7,016</u>	<u>7,174</u>	<u>2,056</u>	<u>210</u>	<u>954</u>	<u>17,410</u>
<b>Six months ended</b>						
<b>30 June 2022</b>						
<b>Revenue (restated)</b>						
External sales (restated)	<u>61,496</u>	<u>10,628</u>	<u>–</u>	<u>2,062</u>	<u>–</u>	<u>74,186</u>
Segment result (restated)	<u>(38,377)</u>	<u>(496,816)</u>	<u>(927)</u>	<u>(80)</u>	<u>(1)</u>	<u>(536,201)</u>

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited and restated)</b>
Segment result	<b>17,410</b>	(536,201)
Unallocated income, gains and losses, net	<b>2,726</b>	1,608
Unallocated expenses	<b>(31,163)</b>	(31,242)
Loss from operations	<b>(11,027)</b>	(565,835)
Finance costs	<b>(24,611)</b>	(26,122)
Share of losses of associates	<b>(247)</b>	(412)
Fair value (loss)/gain on convertible bonds	<b>(8,876)</b>	2,564
Loss before tax	<b>(44,761)</b>	(589,805)
Income tax (expense)/credit	<b>(4,493)</b>	111,547
Loss for the period	<b>(49,254)</b>	(478,258)

**(b) Segment assets and liabilities**

	<b>Property development</b>	<b>Property investment</b>	<b>Hotel operation</b>	<b>General trading</b>	<b>Others</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>As at 30 June 2023</b>						
Segment assets (unaudited)	<b>671,858</b>	<b>1,672,781</b>	<b>86,956</b>	<b>36</b>	<b>-</b>	<b>2,431,631</b>
Segment liabilities (unaudited)	<b>(179,326)</b>	<b>(275,009)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(454,335)</b>
<b>As at 31 December 2022</b>						
Segment assets (audited)	<b>751,826</b>	<b>1,765,736</b>	<b>94,012</b>	<b>37</b>	<b>87</b>	<b>2,611,698</b>
Segment liabilities (audited)	<b>(191,218)</b>	<b>(287,780)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(478,998)</b>

## 5. INCOME TAX (EXPENSES)/CREDIT

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax		
– Enterprise Income Tax in the People’s Republic of China (the “PRC”)	(4)	–
– Land Appreciation Tax (“LAT”) in the PRC	(4,585)	(2,755)
Deferred tax	<u>96</u>	<u>114,302</u>
	<u>(4,493)</u>	<u>111,547</u>

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. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of intangible assets	385	414
Depreciation of property, plant and equipment	7,012	5,937
Depreciation of right-of-use assets	489	643
Staff costs (including directors' remuneration):		
– salaries, bonuses and allowances	8,764	6,776
– retirement benefits scheme contributions	465	389
	9,229	7,165
Fair value loss on investment properties*	2,201	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".

## 7. LOSS PER SHARE

### Basic loss per share

Basic loss per share is calculated based on the loss for the period attributable to the owners of the Company of approximately HK\$31,068,000 (six months ended 30 June 2023, as restated: HK\$318,455,000) and on the weighted average number of approximately 244,955,413 ordinary shares (six months ended 30 June 2022: 244,955,413 ordinary shares).

### Diluted earnings per share

No diluted loss per share for the six months ended 30 June 2023 and 2022 are presented as the effect of convertible bonds is anti-dilutive.

## 8. DIVIDENDS

No dividend was paid, declared or proposed during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, property, plant and equipment of approximately HK\$794,000 were acquired by the Group (six months ended 30 June 2022: HK\$935,000). No (six months ended 30 June 2022: approximately HK\$42,000) property, plant and equipment were disposed of by the Group during the period.

## 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</b>	31 December
	<b>2023</b>	2022
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
0 – 90 days	731	1,821
91 –180 days	1,119	37
181 – 365 days	315	–
Over 365 days	2,464	1,985
	<u>4,629</u>	<u>3,843</u>
	<u><u>4,629</u></u>	<u><u>3,843</u></u>

## 11. TRADE AND OTHER PAYABLES

	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade payables to building contractors	1,146	1,199
Accruals of cost for contract works	132,828	177,813
Deferred income	18,164	19,705
Accrued salaries and other operating expenses	13,122	12,376
Accrued interest expense	21,047	18,161
Contract liabilities	59,832	68,809
Rental deposits received from tenants	4,115	4,195
Amounts payable on return of properties	5,577	5,834
Provision for compensation of a legal case ( <i>Note 13(ii)</i> )	46,051	47,801
Other tax payables	1,374	982
Other payables	48,947	55,448
	<u>352,203</u>	<u>412,323</u>

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</b>	31 December
	<b>2023</b>	2022
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Over 360 days past due	<u>1,146</u>	<u>1,199</u>

## 12. SHARE CAPITAL

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Authorised:		
50,000,000,000 ordinary shares of HK\$0.01 each	<u><u>500,000</u></u>	<u><u>500,000</u></u>
Issued and fully paid:		
244,955,413 ordinary shares of HK\$0.01 each	<u><u>2,449</u></u>	<u><u>2,449</u></u>

## 13. LITIGATIONS AND CONTINGENT LIABILITIES

Save as disclosed below, as at the date of this announcement, 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 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 Dongguan 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 RMB400,000 from 13 February 1997 both until 19 August 2019 are at the Financial Institutions Base Rate of the similar loans 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 Dongguan City Intermediate People’s Court on 23rd May, 2022 and the said judgment was upheld.

Ka Fong had lodged a petition for re-trial with The Guangdong Higher People’s Court. The lodge of the said petition has been accepted by The Guangdong Higher People’s Court for investigation on 4 July 2023 and it has yet to have any further information. However, as advised by the Company’s PRC legal adviser, the chance of The Guangdong Higher People’s Court to give a decision ordering the case to be tried is remote. As a result, the Group has made a provision of the compensation of approximately RMB42,037,000 (equivalent to approximately HK\$49,182,000), which was calculated basing on the principal amount of approximately RMB15,480,000 and the accrued interest of approximately RMB26,893,000 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 year ended 31 December 2022. Further provision of accrued interest of approximately RMB330,000 is made to the condensed consolidated statement of profit or loss for the six months ended 30 June 2023.

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 final conclusion of the said proceedings.

- iii) Under the case No.(2022) Zhe 0111 Min Chu No.864, Xingfu Jiari Hotel Management (Shenzhen) Company Limited (“Xingfu Jiari”), a subsidiary of the Company claims against Zhejiang Beishen Wen Lu Development Company Limited (“Zhejiang Beishen”), Ningbo Heshan Shi Yeh Company Limited (“Ningbo Heshan”) and five other companies arising from the dispute over loan agreement for the sum of RMB30 million and interest thereon to be paid by Zhejiang Beishen and the other defendants shall have collateral liabilities. By the Judgment dated 19 August 2022, It was ordered by The People’s Court of Fuyang District, Hangzhou City that Xingfu Jiari had the right of debt against Zhejiang Beishen for RMB30,426,958.91 and Ningbo Heshan had the collateral liability for the whole amount owed by Zhejiang Beishen and the other five Defendants are liable for 50% of the said liabilities. None of the parties thereto appealed against the said judgment. However, the said The People’s Court of Fuyang District, Hangzhou City did on 20 December, 2022 ruled that the said Judgment was mistakenly made and ordered a re-trial of the above case. The re-trial has been heard on 21 July 2023 and 8 August 2023 but the result thereof has yet to be delivered.

On 14 March 2022, The People's Court of Fuyang District, Hangzhou City ruled that the application for winding up case of Zhejiang Beishen was accepted and that on 16 March 2022 administrators were nominated. At this stage, whether Zhejiang Beishen has sufficient assets to pay damages has yet to be known. 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) Under the case No.(2022) Zhe 0111 Min Chu No.910, the administrators of Zhejiang Beishen mentioned in paragraph iii) hereinbefore sued against Grand Field Property Development (Shenzhen) Limited, a subsidiary of the Company for collateral liabilities of the unpaid share capital by Ningbo Heshan (RMB29,981,200 being registered capital plus the interest incurred thereon). The case has been heard and it was held that Grand Field Property Development (Shenzhen) Limited and another were collaterally liable for the said unpaid share capital. Grand Field Property Development (Shenzhen) Limited and another have appealed against this decision to Hangzhou intermediate People's Court and there has not been any further information in respect of the 2nd trial.

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.

- v) Reference is made to the announcement by the Company dated 24 March 2023 in respect of the Incident that Hao Kang International Supply Chain (Shenzhen) Limited, a wholly subsidiary of the Company (the "Subsidiary") was alleged to have been defrauded by the Business Partner through a series of fictitious transactions. The relevant persons of the Business Partner have been arrested by the PRC Police for criminal investigation. However, there is no further information in respect of this matter. The Company may seek damages against the Business Partner and/or the relevant persons by civil action in due course.

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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. Business Review and Prospect

In the first half of 2023 after the formal release of all anti-pandemic measures in China, we can see the economy has become steady and started to recover. In this half of the year, the Group has continued to develop stably. All the working plans and projects have been progressing as expected.

Even under the situation that the U.S. raising the interest rate rapidly and under the weak economic demands, the situations of the sale and renting of our Shenzhen Mix Park project (the “Shenzhen Project”) are higher than the average standard of the market. The advantage of the Group is that most land reserves of the Group have been developed and are currently in operation. Shenzhen Project including shopping arcades, office towers and a hotel has started in business, all of which have brought to the Group stable incomes and rewards.

In future, the Group is adopting a cautiously optimistic attitude towards the economic outlook. We are planning to sell the non-core assets and properties to lower the financial leverage and debt ratio of the Group. In the meantime, we have been using our best endeavours to decrease the operational costs in order to release the external impact which might be imposed by the uncertain economic elements. At the same time as pursuing stable development, we will also continue to seek new opportunities to achieve our long-term targets.

## 2. Financial Review

During the six months ended 30 June 2023 (the “Reporting Period”), the Group’s revenue amounted to approximately HK\$110,349,000 (six months ended 30 June 2022: approximately HK\$74,186,000), representing a 48.7% increase when compared with that of the same period last year. The revenue for the Reporting Period was mainly attributed to the rental income and sale of commercial apartments and offices in Shenzhen, which were accounted for 12% and 75% respectively of the total revenue for the Reporting Period. In contrast, contributions from provision of IT support service, trading income and hotel operation income for the Reporting Period were minimal, which represented approximately 7%, 3% and 3% respectively of the total revenue.

During the Reporting Period, the Group recorded a loss attributable to owners of the Company of approximately HK\$31,068,000 (six months ended 30 June 2022: loss of approximately HK\$318,455,000). The reduction in loss of the Reporting Period was mainly attributed to the following reasons:

- (i) significant decrease in the recognition of one-off fair value loss on investment properties of the Group by HK\$451,620,000;
- (ii) the absence of the recognition of one-off impairment loss of properties for sale under development and property, plant and equipment during the Reporting Period; and
- (iii) further provision in the amount of approximately HK\$370,000 has been made for a legal case of the Group for the Reporting Period as compared to a provision made for compensation of a legal case in the amount of approximately HK\$50,720,000 for the six months ended 30 June 2022.

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

As at 30 June 2023, the Group's cash and cash equivalents were approximately HK\$66,482,000 (31 December 2022: approximately HK\$25,418,000) of which most were denominated in Hong Kong dollar ("HK\$") and Renminbi ("RMB").

As at 30 June 2023, the Group recorded total current assets of approximately HK\$796,804,000 (31 December 2022: approximately HK\$841,066,000) and total current liabilities of approximately HK\$789,501,000 (31 December 2022: approximately HK\$745,285,000). As at 30 June 2023, the Group recorded total assets of approximately HK\$2,669,174,000 (31 December 2022: approximately HK\$2,821,259,000) and the Group's total interest-bearing borrowings amounted to approximately HK\$671,411,000 (31 December 2022: approximately HK\$648,475,000), of which approximately HK\$222,515,000 (31 December 2022: approximately HK\$210,321,000) are repayable within one year, approximately HK\$219,844,000 (31 December 2022: approximately HK\$3,836,000) was repayable within a period of more than one year but not exceeding two years, approximately HK\$229,052,000 (31 December 2022: approximately HK\$434,318,000) was repayable within a period of more than two years but not exceeding five years.

As at 30 June 2023, interest-bearing borrowings of the Group amounted to approximately HK\$671,411,000 (31 December 2022: approximately HK\$648,475,000) are denominated in RMB and such borrowings carried interest at fixed rates of 5.15% to 12% per annum (31 December 2022: 6.35% to 12% per annum).

As at 30 June 2023, the Group's gearing ratio, which was defined to be interest-bearing borrowings over shareholders' equity, was approximately 131.3% (31 December 2022: approximately 114%).

#### 4. Share Capital

	Number of shares	Amount <i>HK\$'000</i>
<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>

References are made to 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. The Company has issued convertible bonds in an aggregate principal amount of HK\$99,757,011 to Ms. Tsang Tsz Nok Aleen, a substantial shareholder of the Company (the “Subscriber”), on 21 February 2021 in accordance with the conditional subscription agreement dated 17 November 2020 (the “Old Convertible Bond”). Pursuant to the terms of the Old Convertible Bond, the Old Convertible Bond has been matured on 22 August 2022.

On 12 August 2022 (after trading hours), the Company has entered into a standstill agreement (the “Standstill Agreement”) with the Subscriber to extend the time of repayment of all amounts outstanding under the Old Convertible Bond to 30 November 2022 with interest rate unchanged. If the proposed subscription of 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.

On 5 September 2022 (after trading hours of the Stock Exchange), the Company entered into the conditional subscription agreement dated 5 September 2022 (the “Subscription Agreement”) with the Subscriber pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for the 6% convertible bond with a 18 months term to be subscribed by the Subscriber under the Subscription Agreement with a principal amount of up to HK\$96.5 million (the “New Convertible Bond”) (the “Subscription”).

All the conditions precedent under the Subscription Agreement have been fulfilled, completion of the Subscription has taken place on 31 October 2022. Based on (i) the outstanding principal amount of the Old Convertible Bond of HK\$94,985,654.09 on completion of the Subscription and (ii) the interest accrued during the standstill period from 22 August 2022 to 31 October 2022 of approximately HK\$910,821.34, the New Convertible Bond was issued at a principal amount of HK\$95,896,475.43. 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\$0.38 per conversion share (subject to adjustments). Assuming the conversion rights are exercised in full at the conversion price, 252,359,145 new ordinary shares will be allotted and issued to the Subscriber. Upon full exercise of the conversion rights attaching to the New Convertible Bond, the shareholdings of the Subscriber will be changed from approximately 28.92% to 64.99% 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.

Details were set out in the announcements of the Company dated 12 August 2022, 5 September 2022, 5 October 2022, 10 October 2022, 26 October 2022 and 31 October 2022 and the circular of the Company dated 10 October 2022.

## **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 2023, certain properties (31 December 2022: properties) situated in Shenzhen owned by Shenzhen Zongke were pledged for several bank loans with principal amounts of approximately RMB541,000,000 (31 December 2022: RMB492,000,000), which is equivalent to approximately HK\$583,414,500 (31 December 2022: HK\$555,025,000).

## 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 2023:

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Investment properties and properties for sale under development	<b><u>87,674</u></b>	<u>91,715</u>

## **10. Employees**

As at 30 June 2023, the Group employed 136 employees (31 December 2022: 132) and appointed 7 Directors (31 December 2022: 7) and the related staff costs for the Reporting Period amounted to approximately HK\$9,229,000 (six months ended 30 June 2022: approximately HK\$7,165,000) representing a 28.8% 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 and the business development of the Group 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 2023 nor material acquisitions and disposals of subsidiaries during the Reporting Period.

In 2023, 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 2023 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 13 of notes to the condensed consolidated financial statements of this announcement.

### 13. Disclosure Pursuant to Rule 13.21 of the Listing Rules

Pursuant to a banking facility letter (the “Loan Facility”) entered into between a commercial bank in the PRC (the “Lender”) as lender, and G & H International Supply Chain (Shenzhen) Limited\* (濠康國際供應鏈(深圳)有限公司), a wholly owned subsidiary of the Company (the “Subsidiary”) as borrower, the Subsidiary is required to satisfy certain financial covenants, failure to perform or comply with any of which entitles the Lender to, among others, declare the outstanding principal amount, accrued interest and all other sums payable under the Loan Facility immediately due and payable. The obligations of the Subsidiary under the Loan Facility was (i) guaranteed by Mr. Tsang Yee, a substantial shareholder of the Company, Mr. Tsang Wai Lun Wayland, father of Mr. Tsang Yee, Shenzhen Zongke Real Estate Co., Ltd. (“Shenzhen Zongke”), a 50% indirectly owned subsidiary of the Company, and Shenzhen Hong Teng Technology Company Limited (深圳紅騰科技有限公司), a non-controlling shareholder of Shenzhen Zongke; and (ii) secured by a charge over the properties of Shenzhen Mix Park, a mixed-use property project situated at Longgang District, Shenzhen City, China, and owned by Shenzhen Zongke. As at the date of this announcement, the aggregate outstanding principal amount of the Loan Facility amounts to approximately HK\$66,612,000.

Based on the unaudited management account of the Subsidiary for the year ended 31 December 2022, the Subsidiary has failed to satisfy such financial covenants under the Loan Facility (the “Breach”). The Breach constitutes an event of default under the Loan Facility, in which case the Lender shall be entitled to declare that the loan under the Loan Facility, together with accrued interest and other sums payable under the Loan Facility, be immediately due and payable. The Breach has not resulted in the breach of other subsisting loan agreements and/or banking facilities entered into by the Group.

The Group is in discussions with the Lender for a waiver in respect of the Breach. As at the date of this announcement, the Lender has not made any demand for immediate repayment of the loan under the Loan Facility. Notwithstanding the Breach, the Group has not experienced any difficulties in obtaining financing with its banks for its working capital. The Group has procured two new loans in the principal amount of approximately HK\$65,520,000 and is in the process of procuring other bank loan(s) to strengthen its liquidity position. Having considered the above, the Group’s working capital and net current assets, the Directors considered that the Group would have sufficient financial resources to repay its indebtedness under the Loan Facility in the event that the Lender demands for immediate repayment and that there is no material adverse impact on the Group’s operation as a result of the Breach. Further announcement(s) regarding the Loan Facility and status of the waiver will be made as and when appropriate.

For details, please refer to the announcement of the Company dated 30 March 2023.

\* *For identification purpose only*

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 June 2022: 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 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 announcement, 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**

The Group does not have any material subsequent event after the Reporting Period and up to the date of this announcement.

## **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, 30 August 2023

*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.*