



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)



*Reach  
New Heights  
of Success*

\* For identification purpose only

INTERIM REPORT 2023

## CONTENTS

	Pages
Corporate Information	2
Condensed Consolidated Statement of Profit or Loss	4
Condensed Consolidated Statement of Other 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	28
Other Information	38

## 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

Office A, 19/F.,  
Kings Wing Plaza 1, 3 On Kwan Street,  
Shek Mun, Shatin,  
New Territories, 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 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited & restated)
<b>Revenue</b>	5	<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		<b>–</b>	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)
<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	15	<b>(8,876)</b>	2,564
<b>Loss before tax</b>		<b>(44,761)</b>	(589,805)
Income tax (expenses)/credit	7	<b>(4,493)</b>	111,547
<b>Loss for the period</b>	8	<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)
		<b>(49,254)</b>	(478,258)
<b>Loss per share</b>	9		
Basic (HK cents per share)		<b>(12.7)</b>	(130.0)
Diluted (HK cents per share)		<b>(12.7)</b>	(130.0)

## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited & restated)
Loss for the period	8	(49,254)	(478,258)
<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		(57,057)	(79,951)
<b>Total comprehensive loss for the period</b>		<b>(104,182)</b>	<b>(560,857)</b>
<b>Attributable to:</b>			
Owners of the Company		(57,665)	(365,967)
Non-controlling interests		(46,517)	(194,890)
		<b>(104,182)</b>	<b>(560,857)</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	180,193	194,619
Investment properties		1,672,781	1,765,736
Intangible asset		9,987	10,834
Right-of-use assets		8,408	7,709
Investment in an associate		1,001	1,295
		<b>1,872,370</b>	1,980,193
<b>Current assets</b>			
Trade receivables	12	4,629	3,843
Properties for sale under development		478,491	544,319
Properties for sale		189,372	204,464
Other receivables, deposits and prepayments		56,459	61,582
Amount due from a director		812	688
Amount due from an associate		539	564
Tax recoverable		20	188
Cash and cash equivalents		66,482	25,418
		<b>796,804</b>	841,066
<b>Current liabilities</b>			
Trade and other payables	13	352,203	412,323
Interest-bearing borrowings	17	222,515	210,321
Lease liabilities		472	189
Amounts due to directors	14	12	13
Convertible bonds	15	94,778	–
Tax payable		119,521	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

	<i>Notes</i>	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>275,009</b>	287,780
Convertible bonds	15	–	90,884
Interest-bearing borrowings	17	<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	16	<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

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 2023

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
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 & restated)	-	-	-	-	-	(318,455)	(318,455)	(159,803)	(478,258)
Other comprehensive income for the period (unaudited & restated)	-	-	-	(2,648)	(44,864)	-	(47,512)	(35,087)	(82,599)
Total comprehensive loss for the period (unaudited & restated)	-	-	-	(2,648)	(44,864)	(318,455)	(365,967)	(194,890)	(560,857)
Disposal of a subsidiary (unaudited)	-	-	-	-	(70)	-	(70)	428	358
At 30 June 2022 (unaudited & restated)	2,449	435,694	(2,215)	(2,375)	58,759	182,639	674,951	760,595	1,435,546
At 1 January 2023 (audited)	2,449	435,694	(2,215)	309	24,187	108,719	569,143	690,013	1,259,156
Loss for the period (unaudited)	-	-	-	-	-	(31,068)	(31,068)	(18,186)	(49,254)
Other comprehensive income/(loss) for the period (unaudited)	-	-	-	2,129	(28,726)	-	(26,597)	(28,331)	(54,928)
Total comprehensive income/(loss) for the period (unaudited)	-	-	-	2,129	(28,726)	(31,068)	(57,665)	(46,517)	(104,182)
Withdrawal of non-controlling interests by a shareholder of a subsidiary (unaudited)	-	-	-	-	-	-	-	(197)	(197)
At 30 June 2023 (unaudited)	2,449	435,694	(2,215)	2,438	(4,539)	77,651	511,478	643,299	1,154,777

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months Ended 30 June 2023

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited & restated)
<b>Net cash flows generated from operating activities</b>	<b>81</b>	21,288
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(794)	(935)
Proceeds from disposal of investment properties	17,119	–
Additional costs on right-of-use assets	–	(88)
Net cash outflow on disposal of a subsidiary	–	(18)
<b>Net cash flows generated from/(used in) investing activities</b>	<b>16,325</b>	(1,041)
<b>Cash flows from financing activities</b>		
Interests paid	(20,088)	(19,008)
New interest-bearing borrowings raised	67,422	462,055
Repayment of interest-bearing borrowings	(14,046)	(450,753)
Repayment of lease interests and liabilities	(282)	(298)
Withdrawal of non-controlling interests by a shareholder of a subsidiary	(197)	–
<b>Net cash flows generated from/(used in) financing activities</b>	<b>32,809</b>	(8,004)
<b>Net increase in cash and cash equivalents</b>	<b>49,215</b>	12,243
Effect of foreign exchange rate changes	(8,151)	(4,568)
Cash and cash equivalents at beginning of period	25,418	51,582
<b>Cash and cash equivalents at end of period</b>	<b>66,482</b>	59,257
<b>Analysis of cash and cash equivalents</b>		
Bank and cash balances	66,482	59,257

# 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., Kings Wing 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. BASIS OF PREPARATION (Continued)

### 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 30/6/2022 (previously reported)	Prior year adjustments	Six months Ended 30/6/2022 (Restated)
	Note	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
<b>Revenue</b>	(a)	176,563	(102,377)	74,186
Cost of revenue	(a)	(171,549)	101,335	(70,214)
<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		(81,409)	–	(81,409)
<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		2,564	–	2,564
<b>Loss before tax</b>		(588,763)	(1,042)	(589,805)
Income tax credit		111,547	–	111,547
<b>Loss for the period</b>		(477,216)	(1,042)	(478,258)

## 2. BASIS OF PREPARATION (Continued)

### 2.1 Prior year adjustments (Continued)

	Six months Ended 30/6/2022 (previously reported) <i>Note</i> (Unaudited)	Prior year adjustments <i>HK\$'000</i> (Unaudited)	Six months Ended 30/6/2022 (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	(79,981)	30	(79,951)
<b>Total comprehensive loss for the period</b>	<b>(559,845)</b>	<b>(1,012)</b>	<b>(560,857)</b>
<b>Loss for the period attributable to:</b>			
Owners of the Company	(317,413)	(1,042)	(318,455)
Non-controlling interests	(159,803)	–	(159,803)
	<b>(477,216)</b>	<b>(1,042)</b>	<b>(478,258)</b>
<b>Total comprehensive loss for the period attributable to:</b>			
Owners of the Company	(364,955)	(1,012)	(365,967)
Non-controlling interests	(194,890)	–	(194,890)
	<b>(559,845)</b>	<b>(1,012)</b>	<b>(560,857)</b>

*Note:*

- 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. 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 2023

	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)	–	1,672,781	–	1,672,781
Liabilities				
Financial liabilities at fair value through profit or loss				
– Convertible bonds	–	94,778	–	94,778

##### As at 31 December 2022

	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)	–	1,765,736	–	1,765,736
Liabilities				
Financial liabilities at fair value through profit or loss				
– Convertible bonds	–	90,884	–	90,884

#### 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 2023	as at 31 December 2022
			HK\$'000	HK\$'000
			(Unaudited)	(Audited)
<b>Assets</b>				
Completed investment properties (the PRC)	Market comparable approach	Price per square metre	1,672,781	1,765,736
<b>Liabilities</b>				
Convertible bonds	Binomial model	Share price, discount rate, volatility and conversion price	94,778	90,884

## 5. REVENUE

	Six months ended 30 June	
	2023 <i>HK\$'000</i> <b>(Unaudited)</b>	2022 <i>HK\$'000</i> (Unaudited and restated)
Sales of properties	<b>82,269</b>	61,496
General trading	<b>3,139</b>	2,062
Properties management services	<b>3,004</b>	2,367
Hotel operation	<b>3,689</b>	–
Others	<b>8,332</b>	–
Revenue from contracts with customers	<b>100,433</b>	65,925
Rental income	<b>9,916</b>	8,261
Total revenue	<b>110,349</b>	74,186

## 6. 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.

## 6. SEGMENT REPORTING (Continued)

### (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 30 June 2023</b>						
<b>Revenue</b>						
External sales	82,269	12,920	3,689	3,139	8,332	110,349
Segment result	7,016	7,174	2,056	210	954	17,410
<b>Six months ended 30 June 2022</b>						
<b>Revenue (restated)</b>						
External sales (restated)	61,496	10,628	–	2,062	–	74,186
Segment result (restated)	(38,377)	(496,816)	(927)	(80)	(1)	(536,201)

	<b>Six months ended 30 June</b>	
	<b>2023</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2022 <i>HK\$'000</i> (Unaudited and restated)
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)

## 6. SEGMENT REPORTING (Continued)

### (b) Segment assets and liabilities

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

## 7. INCOME TAX (EXPENSES)/CREDIT

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

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.

## 7. INCOME TAX (EXPENSES)/CREDIT (Continued)

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.

## 8. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (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".

## 9. 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.

## 10. DIVIDENDS

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

## 11. 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.

## 12. 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 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
0 – 90 days	731	1,821
91 –180 days	1,119	37
181 – 365 days	315	–
Over 365 days	2,464	1,985
	<b>4,629</b>	<b>3,843</b>

## 13. TRADE AND OTHER PAYABLES

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
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 (Note 21 (ii))	46,051	47,801
Other tax payables	1,374	982
Other payables	48,947	55,448
	<b>352,203</b>	<b>412,323</b>

### 13. 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:

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Over 360 days past due	<b>1,146</b>	1,199

### 14. AMOUNTS DUE TO DIRECTORS

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

### 15. CONVERTIBLE BONDS

The convertible bonds 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.

The movements of the Group's convertible bonds are as follows:

	<i>HK\$'000</i>
Fair value as at 1 January 2023 (audited)	90,884
Settlement of interest payables (unaudited)	(2,853)
Fair value loss on the New Convertible Bond through profit or loss (unaudited)	8,876
Fair value gain on financial liabilities designated at fair value through profit or loss attributable to change in credit risk (unaudited)	(2,129)
<b>Fair value as at 30 June 2023 (unaudited)</b>	<b>94,778</b>

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.

## 16. 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	<b>500,000</b>	500,000
Issued and fully paid:		
244,955,413 ordinary shares of HK\$0.01 each	<b>2,449</b>	2,449

## 17. INTEREST-BEARING BORROWINGS

At 30 June 2023, a secured bank loan with a carrying amount of approximately HK\$98,134,000 was classified as repayment on demand because of the failure to fulfil certain financial covenants stated in the loan agreement. Up to the date of the condensed consolidated financial statements, the Group is in the course of liaising with the bank to renew the bank loan. In addition, the Group has received the financing of two new bank loans of approximately HK\$65,520,000 and is in the process of procuring other bank loans to mitigate the risk of the loan being called by the bank. Coupled with the Group's working capital, the directors considered that Group would have sufficient cash to fulfil the obligation in the event that the bank demanded immediate repayment for the loan.

## 18. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with its related parties during six months ended 30 June 2023.

- (a) During the six months ended 30 June 2023, salaries and allowance of HK\$330,000 (2022: HK\$330,000) and HK\$300,000 (six months ended 30 June 2022: HK\$300,000) were paid to two substantial shareholders, Mr. Tsang Yee and Ms. Tsang Tsz Nok, respectively.
- (b) During the six months ended 30 June 2023, the remuneration of the directors of the Group amounted to HK\$1,022,000 (six months ended 30 June 2022: HK\$1,003,000).

## 19. COMMITMENTS

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Contracted but not provided for investment properties and properties for sale under development	<b>87,674</b>	91,715

## 20. EVENTS AFTER THE REPORTING PERIOD

The Group does not have material subsequent events after the six months ended 30 June 2023 and up to the date of this report.

## 21. LITIGATIONS AND CONTINGENT LIABILITIES

Save as disclosed below, as at the date of this report, neither the Company nor any of its subsidiaries were 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.

## 21. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

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.

## 21. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

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.

## 21. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

- (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 G&H 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.

## 22. 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 2023.

## 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

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

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.

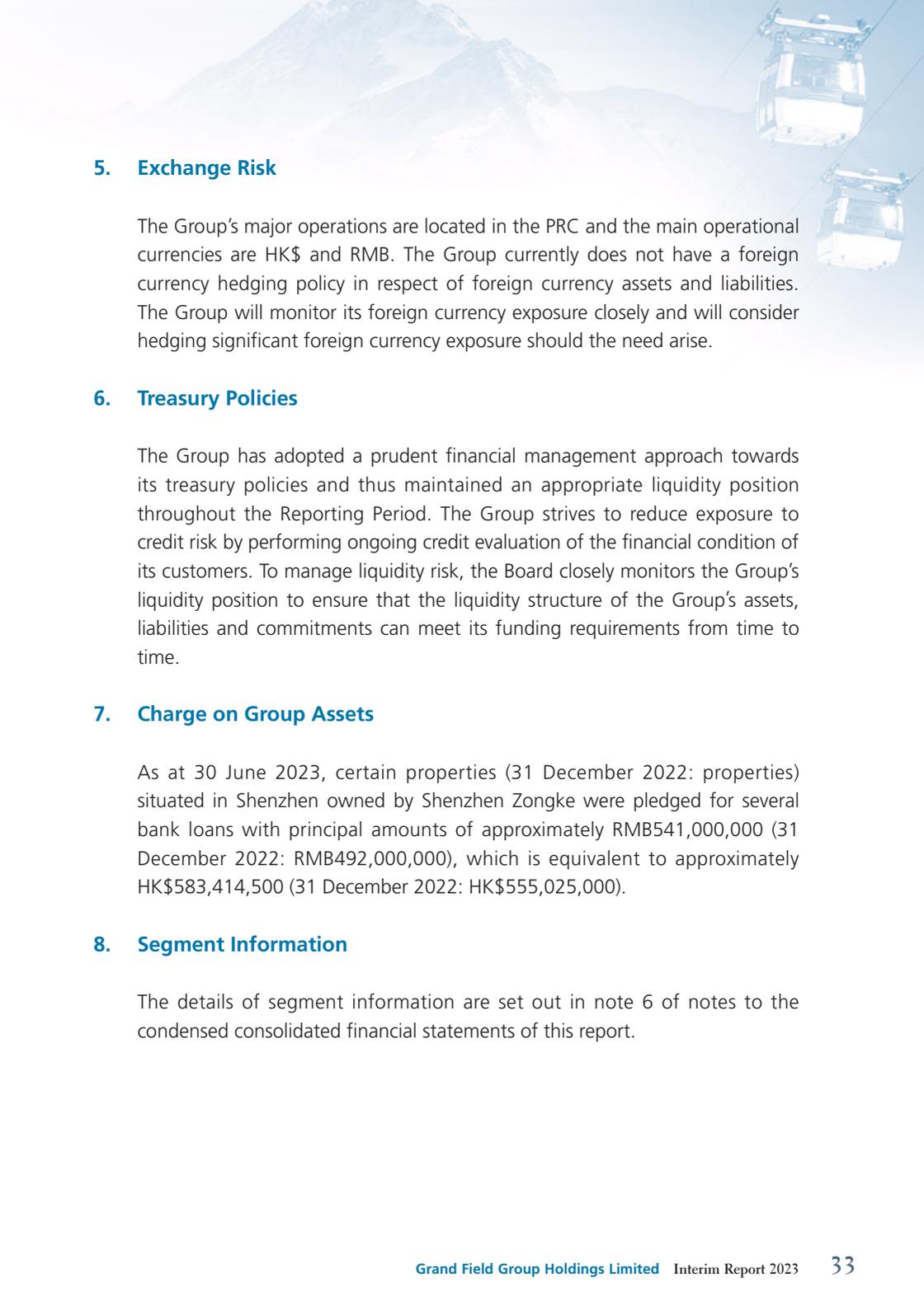
On 12 August 2022 (after trading hours), the Company has entered into a standstill agreement (the "Standstill Agreement") with the Subscriber to extend the time of repayment of all amounts outstanding under the Old Convertible Bond to 30 November 2022 with interest rate unchanged. If the proposed subscription 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 6 of notes to the condensed consolidated financial statements of this report.

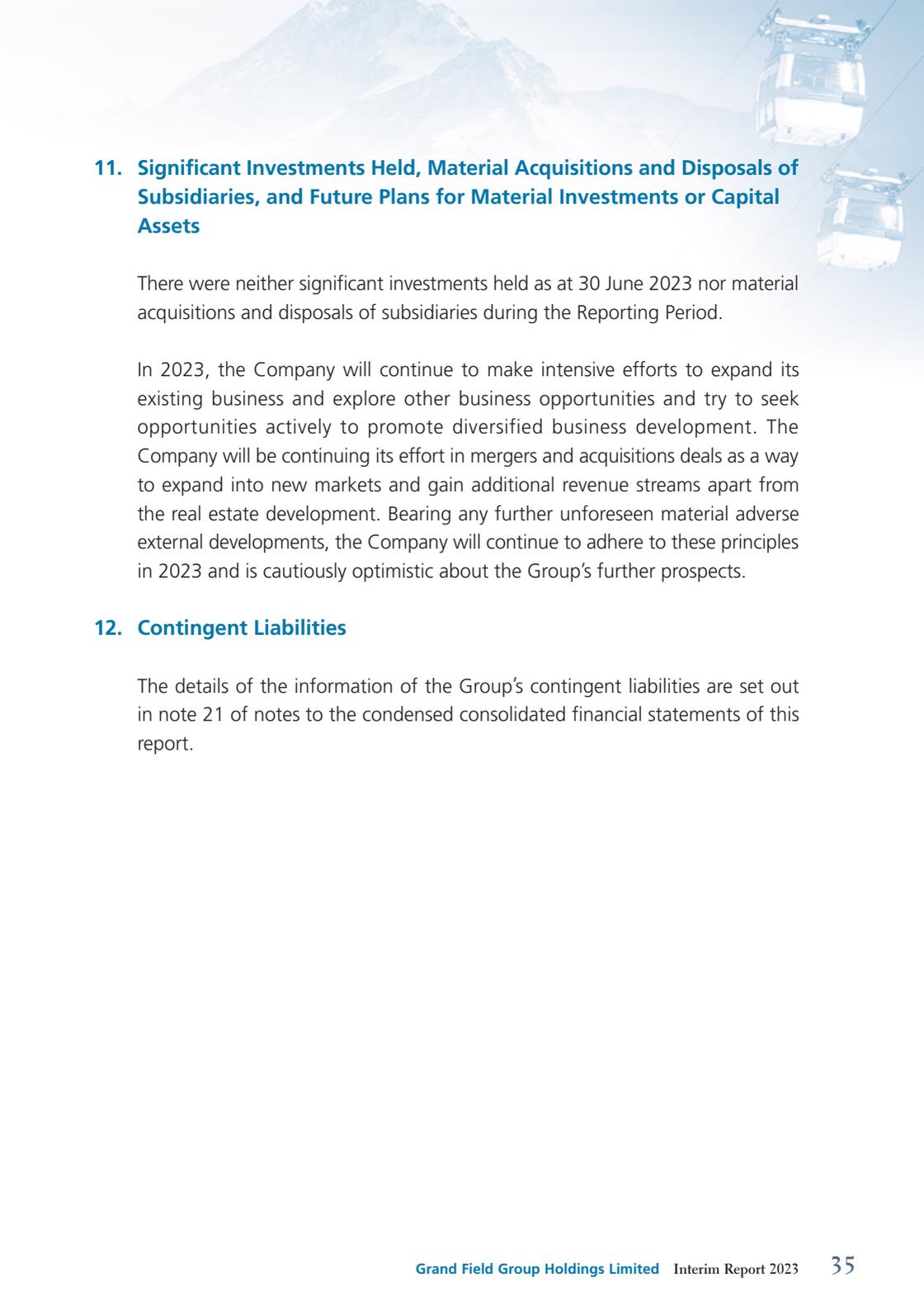
## 9. Capital Commitment

The Group had the following material commitments as at 30 June 2023:

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

## 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.

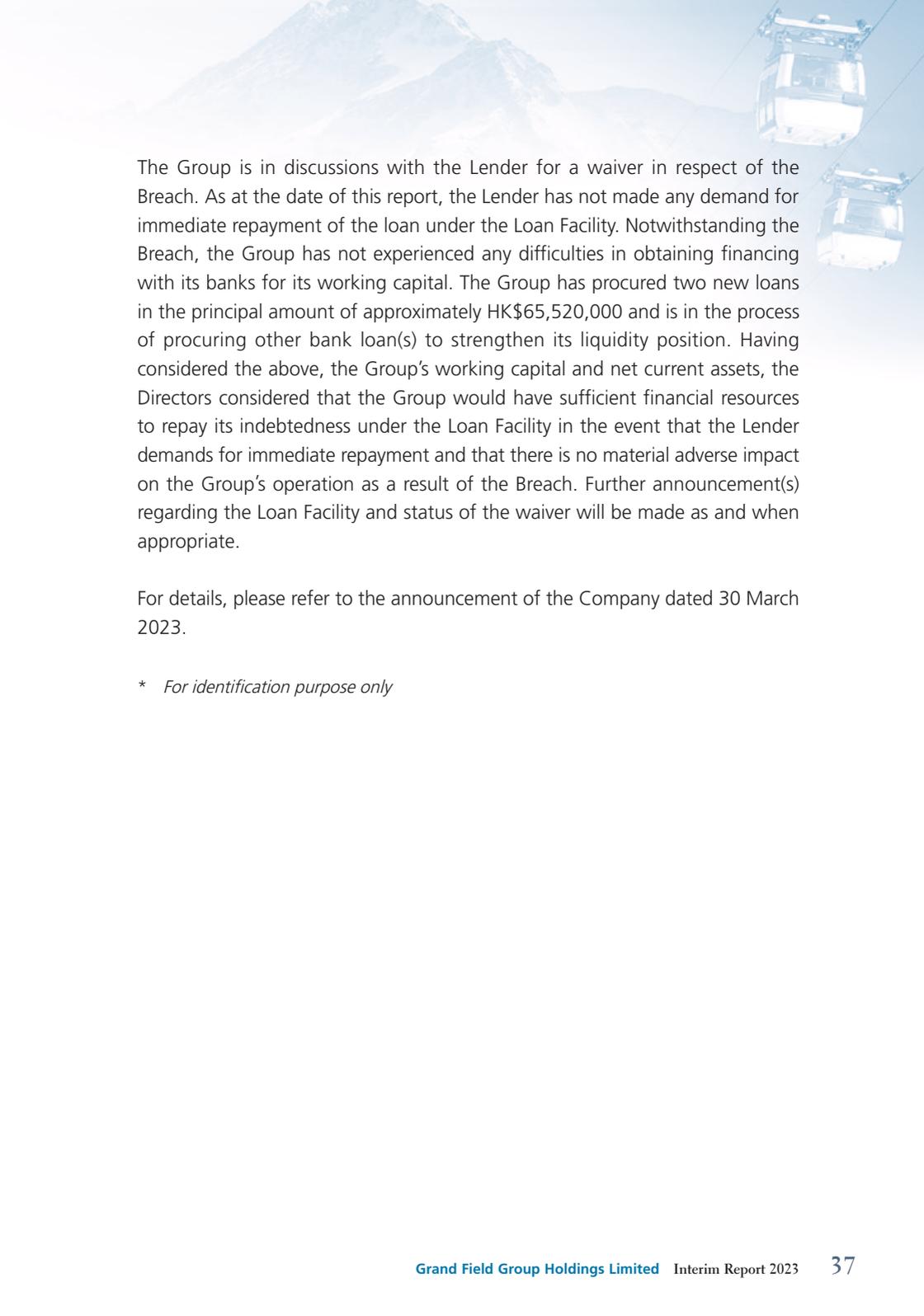
## **12. Contingent Liabilities**

The details of the information of the Group's contingent liabilities are set out in note 21 of notes to the condensed consolidated financial statements of this report.

### 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 report, 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 report, 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*

## OTHER INFORMATION

### INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 June 2022: Nil).

### DIRECTORS' INTERESTS IN SHARES

As at 30 June 2023, 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 underlying 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 2023, 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

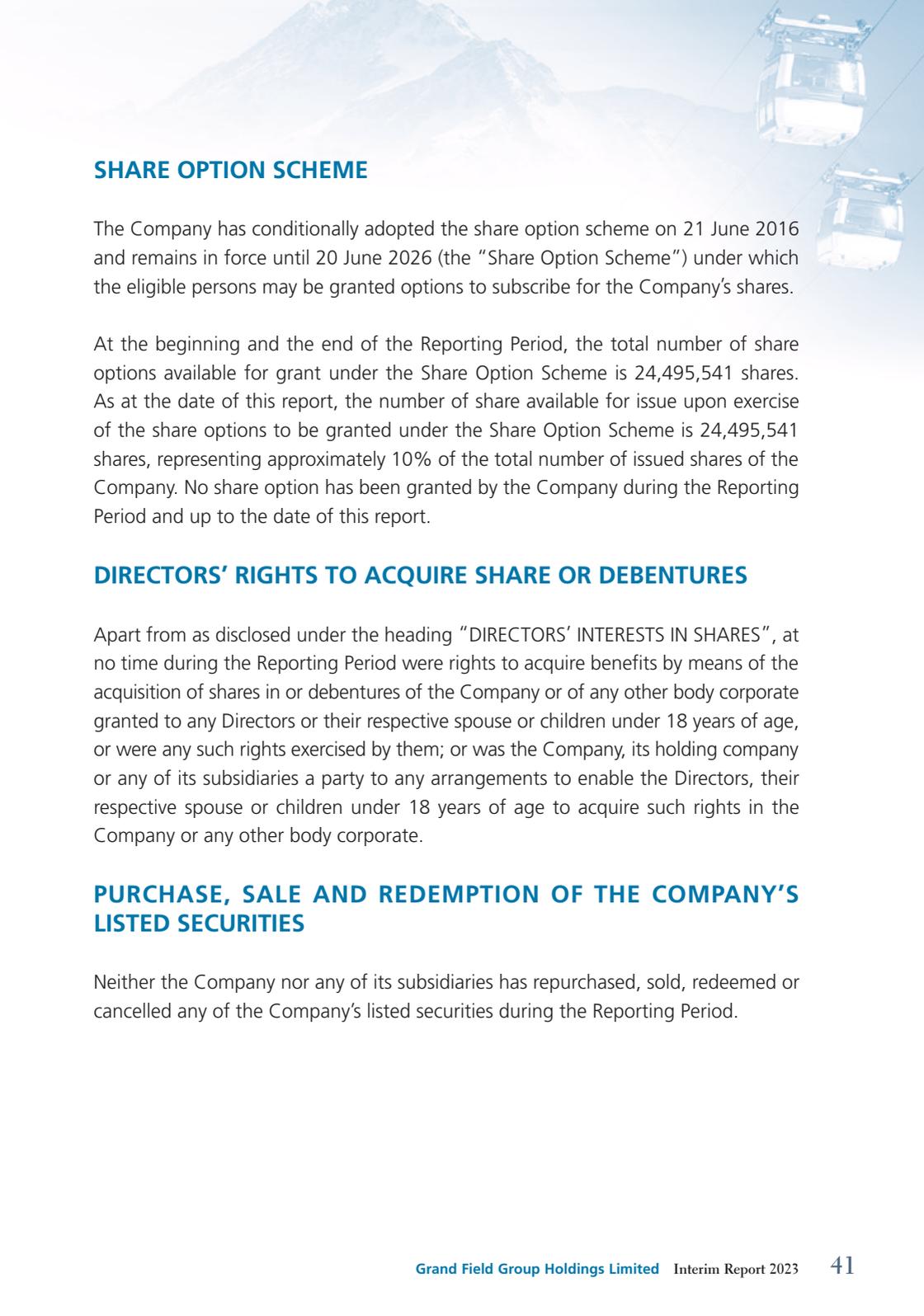
As at 30 June 2023, so far as is known to the Directors, the following parties (other than the Directors and chief executives of the Company) had interests of 5% or more in the total number of issued shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

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	252,359,145 <i>(Note 2)</i>	103.22%
	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	252,359,145	131.94%
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 252,833,675 shares, among which 252,359,145 shares are the underlying shares of the Company of the aggregate principal amount of convertible bonds of HK\$95,896,475.43 issued by the Company at the conversion price of HK\$0.38 per share on 31 October 2022. 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.
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 2023, 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.

At the beginning and the end of the Reporting Period, the total number of share options available for grant under the Share Option Scheme is 24,495,541 shares. As at the date of this report, the number of share available for issue upon exercise of the share options to be granted 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:

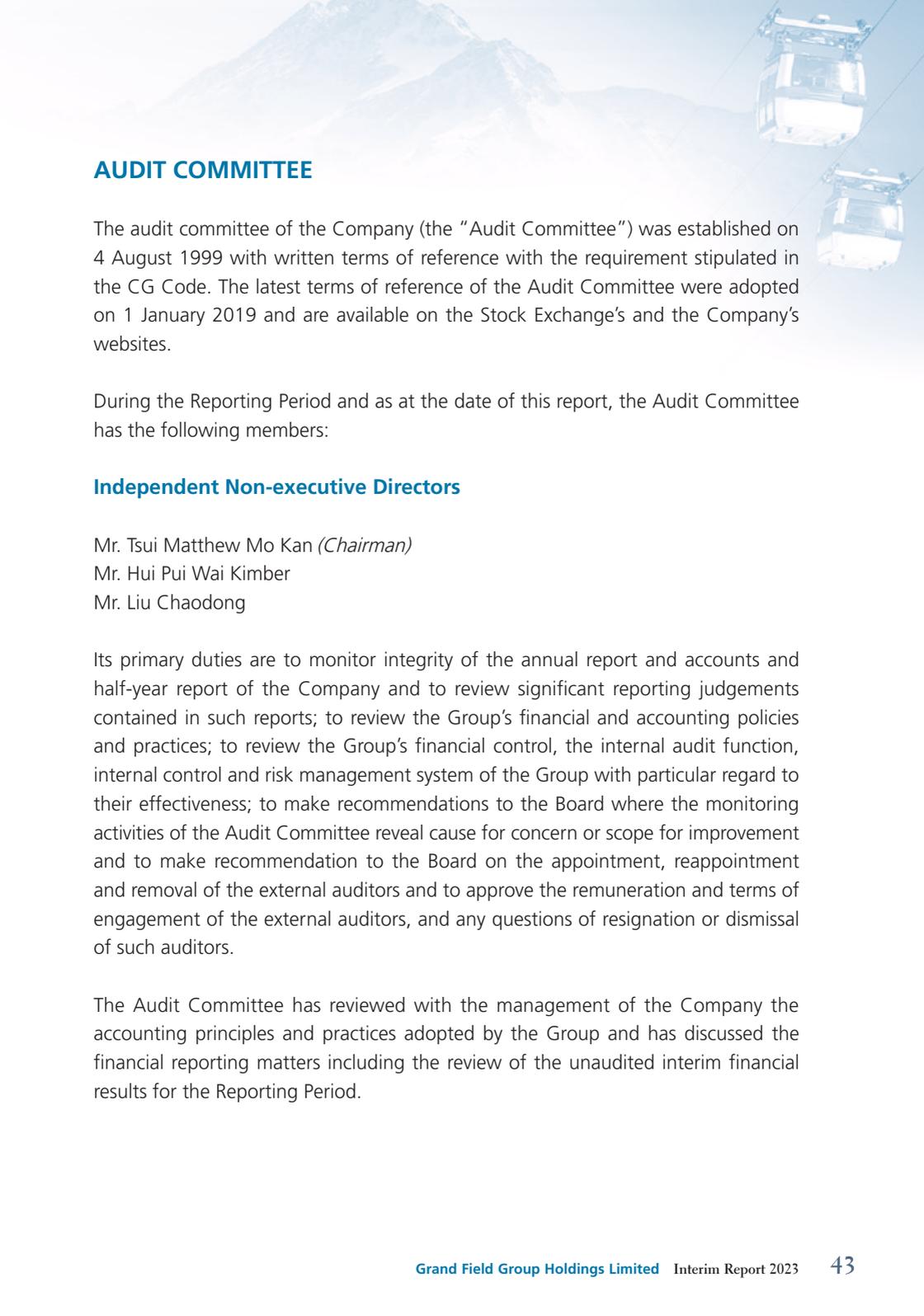
### Code Provision C.2.1

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

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 2023